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QUALITY OF DELIVERY OF SERVICES BY THE SOCIAL SECURITY ADMINISTRATION, DISINVESTMENT OF THE SOCIAL SECURITY TRUST FUNDS, AND THE SOCIAL SECURITY ADMINISTRATION AS AN INDEPENDENT AGENCY

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HEARING

BEFORE THE

SUBCOMMITTEE ON SOCIAL SECURITY

OF THE

COMMITTEE ON WAYS AND MEANS
HOUSE OF REPRESENTATIVES

NINETY-NINTH CONGRESS

SECOND SESSION

JANUARY 27, 1986
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CONTENTS

Page

Press release of Thursday, January 16, 1986, announcing the hearing 1

WITNESSES

Hon. Wes Watkins, a Representative in Congress from the State of Oklahoma. 4
American Association of Retired Persons:
Charles Andrus, Oklahoma State Legislative Committee 6
Luther E. Mayes, Oklahoma County 8
Areawide Agency on Aging, Inc., Oklahoma City, Charlotte Heard 9
Governor's Advisory Committee on Aging, Flora Wagner 11
Social Security Managers Association, David L. Bennett, Dallas Region 17
National Council of Social Security Field Offices, American Federation of Government Employees, Sylvester Overturf 22
National Association of Retired Federal Employees, H.L. Ripple, Oklahoma State Chapter 25
Hospice of Central Oklahoma, Susan Byrd 35
Home Health Care and Eldercare, Adeline Yerkes 37
Neighborhood Service Office/Eldercare Access Center of Oklahoma City, Cozy Armstrong 38
Visiting Nurse Association, Inc., Ella Kay Slagle 40
I.C. Nance 45
Mr. Stinson 46
Mr. Roos 48
Robert Burns, Oklahoma City 48
Ira D. Hall 49
Harvey Joe Craig, Oklahoma City 50
L.C. Carlton 51
Cora Bartley, Edmond, OK 51
Ms. Hall 52
Eilene Younghein 53

SUBMISSIONS FOR THE RECORD

Department of Health and Human Services, Lawrence J. DeNardis, Acting Assistant Secretary for Legislation, letter 54
Urban League of Greater Oklahoma City, Inc., statement 55
Leonard D. Warren II, Broomall, PA, letter 57

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QUALITY OF DELIVERY OF SERVICES BY THE SOCIAL SECURITY ADMINISTRATION, DISINVESTMENT OF THE SOCIAL SECURITY TRUST FUNDS, AND THE SOCIAL SECURITY ADMINISTRATION AS AN INDEPENDENT AGENCY

MONDAY, JANUARY 27, 1986

HOUSE OF REPRESENTATIVES,
COMMITTEE ON WAYS AND MEANS,
SUBCOMMITTEE ON SOCIAL SECURITY,
Oklahoma City, OK.

The subcommittee met, pursuant to call, at 10 a.m., in the Sequoyah Auditorium, State Capitol, Oklahoma City, OK, Hon. James R. Jones (chairman of subcommittee) presiding.

[The press release announcing the hearing follows:]

[For immediate release, Thursday, Jan. 16, 1986]

HON. JAMES R. JONES (D., OK), CHAIRMAN, SUBCOMMITTEE ON SOCIAL SECURITY, COMMITTEE ON WAYS AND MEANS, U.S. HOUSE OF REPRESENTATIVES, ANNOUNCES A FIELD HEARING ON THE QUALITY OF DELIVERY OF SERVICES BY THE SOCIAL SECURITY ADMINISTRATION, DISINVESTMENT OF THE SOCIAL SECURITY TRUST FUNDS, AND THE SOCIAL SECURITY ADMINISTRATION AS AN INDEPENDENT AGENCY

The Honorable James R. Jones (D., Okla.), Chairman, Subcommittee on Social Security of the Committee on Ways and Means, U.S. House of Representatives, announced today that the Subcommittee will hold a field hearing on Monday, January 27, 1986, in Oklahoma City, Oklahoma, to take testimony from invited witnesses, including social security beneficiaries, various public organizations, local officials and representatives of the Social Security Administration (SSA) on issues related to two general lines of inquiry. First, the Subcommittee will receive testimony on the quality of service provided under the current Social Security Administration structure. This testimony should address the issues pertaining to staffing and field office structure, the proposal to make the Social Security Administration an independent agency. Second, testimony will be received on disinvestment of the social security trust funds to finance the public debt, and the damage such action has done to public confidence in the system. The hearing will be held at Sequoyah Auditorium, State Capitol, 2400 North Lincoln, Oklahoma City, Oklahoma beginning at 10:00 a.m.

BACKGROUND

Several issues relating to the quality of service provided by the Social Security Administration will be addressed at the hearing on January 27. First, the President's Budget for fiscal year 1986 contained a proposal to reduce the staff of the Social Security Administration by about 17,000 over the next five years; and, at the same time, the Administration announced commencement of a service delivery assessment project to study the current field office structure and placement, leading to the possibility of closing a number of field offices and reductions in service in others. These plans have caused considerable concern in Congress as to how the

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Social Security Administration can absorb a major staff reduction without significant deterioration of public service and lack of accessibility of Social Security Administration personnel. Because it is widely anticipated that the president's Fiscal Year 1987 Budget will resurrect these proposals, the Subcommittee will use this hearing to hear in detail from the Administration exactly what its plans are concerning future attempts at field office and personnel reductions.

A related question pertaining to the quality of service issue is the proposal to make SSA an independent agency. In the past decade, constant turnover in high-level policy positions, repeated internal reorganizations, and political intervention in day-to-day administrative decisions have led the public to question the quality of service provided by the Social Security Administration. The Subcommittee will explore the need for this proposal and possible modifications to it in light of recent events stemming from the last crisis in raising the public debt.

The hearing will also examine in detail recent actions taken by the Administration to disinvest the social security trust funds to finance the public debt. The Subcommittee will explore what events transpired at the end of 1985 during deliberations on raising the public debt ceiling, the analysis of these events by the General Accounting Office and Congressional Research Service, and the impact of this on public confidence in the system. Furthermore, the Subcommittee specifically will explore whether the independent agency legislation awaiting consideration before the full Committee on Ways and Means is an appropriate vehicle for preventive measures that would assure such action will not occur in the future. Since the disinvestment and quality of service issues are of vital interest to beneficiaries, the public generally, and Members of Congress, the Subcommittee expects to take extensive testimony from all segments of the community.

WRITTEN STATEMENTS IN LIEU OF PERSONAL APPEARANCE

For those who wish to file a written statement for the printed record of the hearing, six (6) copies are required and may be submitted by the close of business Friday, February 7, 1986, to Joseph K. Dowley, Chief Counsel, Committee on Ways and Means, U.S. House of Representatives, Room 1102 Longworth House Office Building, Washington, D.C. 20515.

1. The name, full address, and capacity of the person or organization submitting the statement, as well as a telephone number where they may be reached;

2. A list of any clients or person, or any organization for whom the statement is submitted; and

3. A topical outline or summary of the comments and recommendations in the full statement.

If those filing written statements for the record of the printed hearings wish to have their statements distributed to the press and the interested public, they may submit 50 additional copies for this purpose to the hearing room in Oklahoma City, before the hearing begins.

Chairman JONES. The subcommittee will be in session.

Last year, the Ways and Means Subcommittee on Social Security, of which I am chairman, began a series of field hearings into the quality of service provided by the Social Security Administration. Today, our subcommittee is resuming these field hearings because events over the last several months—the raid on the Social Security trust funds by the Secretary of the Treasury, and passage of Gramm-Rudman legislation, for example—these events have raised many grave questions about the future of the Social Security program. Those of us entrusted with the duty of safeguarding the delivery of service to beneficiaries know the utmost importance of this inquiry. In Oklahoma City alone, there are over 81,000 people who rely on this program and who could be adversely impacted if the proposals by the administration affect the quality of service rendered, or the public's confidence in the sanctity of their benefits. That is the reason I spent many days in the last 2 months touring the Social Security field offices here in Oklahoma. It is important that your elected officials witness first hand how budget proposals, calling for major reductions in the staffing and the possi-

ble closing of several hundred field offices, will impact the communities which they serve.

The President's fiscal year 1986 budget proposal called for substantial reductions in Social Security administrative resources. In our investigation, the Social Security officials failed to justify that proposal, and we stopped the closings. There were 14 field offices here in Oklahoma which fit the criteria that the administration laid down for closing the field offices.

Given the passage of Gramm-Rudman legislation and the 4.3-percent cut for fiscal year 1986, several new questions come up and we would anticipate that there might be another attempt to reduce the personnel, as was attempted last year, and to reduce the field offices.

I am very disappointed today that the administration has refused to testify. They say that it is due to the demands on the transition of the new Secretary of Health and Human Services, and the fact that a permanent Director of Social Security has not yet been appointed. Frankly, it is this uncertainty and lack of continuity and the political gamesmanship that has persuaded me to push very hard to make Social Security an independent agency and to take it off the political football field.

In the last 9 years, there have been six Social Security Administrators. You cannot have continuity, you cannot have confidence in the service, with that kind of turnover. I have been upset with people in this administration, political appointees, and their lack of commitment to Social Security.

But the refusal of the administration to send their witness to answer some of the hard questions as to why the Secretary of the Treasury would cash in the Social Security trust fund reserves to pay for the general cost of Government, or whether another attempt would be made to close Social Security field offices, the refusal of the administration to send a witness to answer these tough questions is indeed disappointing.

I am particularly disturbed at what has happened in cashing in Social Security trust fund reserves. I think it is an illegal shell game that already was attempted twice in 1984 and three times in 1985.

After exposing this in hearings in Washington last fall, we asked the General Accounting Office to give us a report on that, and their report showed that there was no legal authority for the Secretary of the Treasury to do it.

Their report further showed that $28 billion in long term bonds held by the Social Security trust fund reserves had been canceled by the administration so that they could keep the general cost of Government afloat.

I think it is wrong, it is illegal, and we must ensure that this never happens again.

I will point out that, after our hearings last fall, I inserted an amendment in one of the legislative items run through the Congress to require the Treasury Department to restore all of those funds that they cashed in and to restore them at the higher rate of interest, not just the low rate that they would draw by reinvesting them after the debt limit were increased.

So we took care of that problem, but we want to hear from you and to gain your support to make sure that this particular problem does not crop up again in the future.

So, these are some of the problems that are on our minds, the reason why we are having these hearings. I feel very strongly that, as chairman of the Social Security Subcommittee, it is not something that just pertains to my congressional district but, to all of Oklahoma.

The response we have received from people all over Oklahoma in response to letters we have sent, and then the overwhelming response you have shown by filling this auditorium today is evidence that people in Oklahoma, retired people as well as those who are working today and paying into the system, want some assurance that the funds will be there when they are ready to retire, that people in Oklahoma are very concerned about the games being played with Social Security, and they want some sound financial and management practices to be inserted there.

So, that is the purpose of this hearing. Even though we do not have an administration witness for this particular hearing, we have an excellent set of panels of witnesses here from Oklahoma, and we are looking forward to hearing from them.

One of the people who has been one of the most active and fighting members to make sure that the Social Security trust fund has remained sound has been the Congressman from the Third District of Oklahoma, Wes Watkins.

Wes did not have to come to this hearing today. He came up from the Third District to be with us, to hear and to take back what we learn today to the House of Representatives, so that we can fight hard for the programs that are of concern to you.

I am particularly pleased to have Wes on this panel today. I would like to ask my colleague and good friend Wes Watkins if he has any comments he would like to make.

STATEMENT OF HON. WES WATKINS, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF OKLAHOMA

Mr. WATKINS. Thank you, Congressman, very much.

Let me say that I am very happy to join with you here today in Oklahoma City. I know a lot of people out in this audience are from the Third District of Oklahoma and I am glad to see them here.

I am very pleased to be here. Jim, I want to commend you for holding these hearings in an effort to get to the substance of the real issues. I share your disappointment in the fact that the administrative leadership of Social Security decided not to attend.

Recently, I probably was as disappointed as anyone when the leadership of the Republican Party criticized you for sending letters into my district and other areas asking questions about what people thought about the position that some had taken on Social Security as far as disinvesting the trust fund, et cetera.

Congressman Jones, I want to say this to you: You are welcome to send letters to my district anytime you want to inquire from people who are Social Security recipients about their various thoughts and positions.

I want to point out that when they were critical of you for sending the letter, they never did mention the real problem of those who were robbing the trust fund of the Social Security funds to pay on the public debt. They totally ignored that and I think it was wrong. That issue is by far a greater problem than whether a letter was sent to my district or not.

So I welcome you corresponding with the people in my district. One, I want to thank you for your efforts to try to keep our people informed. I work on several other committees, as you well know, and it is impossible for me to be in on every committee hearing concerning every issue.

Second, I appreciate your genuine and sincere leadership in forcing this administration to restore the funds that they had disinvested from the trust fund. It is Jim Jones' leadership.

I share that with you people here because I saw his work firsthand there in the halls of Congress forcing the hands of the administration to restore that money through the legislation.

I also want to pay my respects and thank you, Mr. Jones, for helping save the 14 Social Security offices in Oklahoma. Let me share this with you: through the criteria they were using, many of those offices they wanted to close would have been in the Third Congressional District of Oklahoma.

Many of my older people have to travel quite some distance now to resolve on an eye-to-eye basis their Social Security problems. The number one caseload problem in the third district deals with Social Security. Many of my elderly people cannot drive, or cannot drive very long distances, and a lot of them have a problem driving at night. And I understand that.

But I appreciate Jim Jones' leadership in trying to keep the Social Security offices open close to home, close to the people, and close to the elderly so that they can make sure that they can talk on a firsthand basis.

So, Jim, I have come to join you today to listen, to hear what people are saying, and also to go back with you to Washington to try and resolve these problems so that we can continue to provide not only these services, but also to make sure that Social Security remains sound and intact so that our elderly people can live in dignity in their senior years.

Chairman JONES. Thank you very much, Wes.

Our first panel will be representing the American Association of Retired Persons, Dr. Charles Andrus, chairman of the Oklahoma State Legislative Committee. If you members of the first panel will come up to the witness table.

Representing the Areawide Agency on Aging, Ms. Charlotte Heard, the executive director in Oklahoma City.

Representing the Governor's Advisory Committee on Aging, Ms. Flora Wagner, who has many credits to her name. She is the resource person and past chair of the Governor's Advisory Committee on Aging, assistant State coordinator of the national campaign of AARP, and past State federation president of NARFE and several others, including the first president pro tem of the Silver Haired Legislature of the State of Oklahoma.

All of your testimony will be included in the record. We will invite you to summarize your testimony and we will then get into questions.

I might point out, this question was asked of me before, would this be the only hearing? The answer is no. We started these field hearings last year. We intend to have them across the country this year.

I know that our colleagues in Georgia and the region of the Southeastern United States want to have a hearing in Atlanta. Our colleagues in the Northeast want to have a hearing in the New York-New Jersey-Philadelphia area.

The interest is nationwide, because the problem is nationwide. We intend to have these hearings so that we can get, not just what Washington is saying, but the full complement of views from people across the United States, as we build this record. So I welcome our first panel.

Dr. Andrus, you may proceed.

STATEMENT OF CHARLES ANDRUS, CHAIRMAN, OKLAHOMA STATE LEGISLATIVE COMMITTEE, AMERICAN ASSOCIATION OF RETIRED PERSONS

Mr. ANDRUS. Mr. Chairman, it is with pleasure I have the opportunity to testify before the Subcommittee on Social Security. I wish to thank you for your courtesy.

Chairman JONES. It is hard to see the witnesses, but if you can talk right into the microphone so at least we can hear, I would appreciate it.

Mr. ANDRUS. In a publication entitled "A 50 Year Report Card on the Social Security System, the Attitudes of the American People," a national survey conducted by Yankelovich, Skelly and White, Inc., August 1985, for the American Association of Retired Persons and Retired Teachers, the report—quite unbiased—gave high marks to the system and its continuance. Both those who were elderly and those who were young felt that the Social Security system was a necessary program for the good of the citizens who receive benefits presently, and those who will in the future be recipients. I wish to convey from this research and from personal research this is a needed and viable program. The system lends dignity and worth to the individual citizens of the nation and gives them a sense of freedom within a free land.

We understand that the system was never intended to be the complete retirement plan for individuals and that they must have other investments, other plans in order to live free from hunger, having clothing for their bodies, and shelter. We believe the Social Security system is a sound and excellent system and we believe it is a sound system for we who are retired.

It is time, however, to set the system on a more sound course. It is time to erase fear from the minds of those who rely on the plan, and that must be done immediately. Older persons now outnumber teenagers 2 to 1. There are 36 million persons receiving Social Security benefits, 26 million of these people are 62 years of age and older. Many of them are women who were not part of the work force and live on exceedingly low incomes. The average life expect-

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ancy for a man at present is 74 years plus, and for a woman 81 years plus. These figures will rise as time passes and either we have 36 million persons and more on welfare, or we continue the plan with wisdom and courage. Not only so, but with a sound framework as it was intended in the beginning. At the present time, we have 26 million persons who are over 60 years of age in our Nation. By the year 2000 there will be 36 million and by 2055 there will be 56 million. We still have to make sound the system, provide for better homes, services and government Persons will remain in the work force longer and contribute more fully to the upbuilding of our Nation. We cannot—we must not allow our citizens who have worked so long, so hard, to perish as if we did not care. One only has to harken back to the 1920's and 1930's to read the history of these times to believe in the necessity of a sound Social Security system. It was Hubert Humphrey who said that when a nation forgets its people, it no longer exists.

Addressing myself to the areas of more immediate concern:

First, the delivery and quality of services furnished by the Social Security System. The delivery and quality of services furnished by the Social Security System have been and continue to be of the highest quality. This is not to say that there are not instances where injustices have been done, but these are in the minority. The managers and personnel of the offices are of the highest trained quality. They feel the need of the persons they serve and they realize the support needed.

It would be a tragedy, indeed, to close many of the Social Security offices and to reduce the personnel where services could not be rendered. It is true that possibly some offices in our State could be combined, but only a very few. To reduce those who work in these offices would only create huge personnel problems for the Government and for the beneficiaries.

The Social Security System and employees thereof are in many cases the only persons older persons can talk to about their problems, the problems being those of income, health, shelter and individuality.

If the force was reduced and offices closed, there would be utter chaos. It is thought that computers would be set up in stores and malls for older persons to punch in his or her question. The question is how impersonal can we as an administration become? Have we foregotten our citizens? Historically, we are aping the Nazis of the Hitler era who not only put to death 6 million Jews but also put to death 6 million of their own people who were mentally ill, handicapped, and elderly.

Let us maintain the system at high standards and continue to deliver the quality of services we now have and can improve on.

Second, the Social Security Administration as an independent agency.

As intended at the beginning of the system in 1935, the Social Security system must be administered by an independent board, free from politics, made up of representative persons throughout the Nation and managed by a competent staff. It can no longer be a political football to scare people and establish fear in older persons. When thus administered, we can look forward to growth, stability, and our Nation can proceed.

Under the Lyndon Johnson administration, funds were diverted to pay for the Vietnam war. It is long overdue to remove the funds of the system from the general budget and to operate under a separate board or commission. Only so can we ensure the integrity and honesty of the Congress of the United States and the administration thereof. We need to act now.

Third, the disinvestment of the Social Security trust funds. One of the most devastating reports recently was the diversion of millions of dollars, losing interest, by the Treasurer of the United States. Such procedure is beyond comprehension, not only by those who are in official positions, but by the man on the street.

Thank goodness, a lawsuit by the AARP-RTA was filed in Federal court and an injunction procured. What does this mean? Does it mean that those in authority have no integrity, they are not honest, they do not care about the common man if there is such a thing as a common man?

We all realize the huge problem of the Federal deficit. We want it reduced. But Social Security—and I repeat—it has never contributed to the national deficit.

It is time that the disinvestment, or the actions that brought such action to pass, be stopped; that the Social Security System be placed under the management of a board of representative persons or commission; that all funds be properly directed to the trust fund; that all accounting at all times be given to the proper authorities and to the people of the United States.

It is time for us to stop using the system as a political football and to erase fear from the minds of our people. It is time for our Congress to act, and the grassroots is calling for such action. It must be done now.

In summary, let us continue the delivery of quality services furnished by the Social Security System; let us make the Social Security Administration an independent agency; let us make sure the Social Security trust funds are not diverted, but used for their intended purpose. Thank you very much.

Chairman JONES. Thank you, Dr. Andrus.

Mr. Mayes, do you have testimony?

STATEMENT OF LUTHER E. MAYES, ASSISTANT STATE DIRECTOR, AMERICAN ASSOCIATION OF RETIRED PERSONS, OKLAHOMA COUNTY

Mr. MAYES. Thank you very much.

Mr. Chairman and members of the subcommittee, it is with pleasure I have the opportunity to testify before the Subcommittee on Social Security. I wish to thank you for your courtesy.

I propose to present this in a way it often comes to me. Each day, and often after an evening dinner, people call and tell me their trouble. And I do not know the answer. However, I am in line to hear the troubles.

I am the assistant State director in Oklahoma County. In this area there are 13 AARP chapters with nearly 2,000 members and national members in the area who, for different reasons, number into the thousands. Nationwide, we are 20 million strong.

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I have said all this to say: Social Security is most important in the lives of all the senior citizens and, in a large number of cases, the only income they have.

Many have reached the point in life where medical and utility costs are taking three-fourths of their annuity each month and this is the thing that is frightening. This can cause people to neglect eating properly and they may become a victim of some disease and do not have the resistance needed.

Our motto is to serve, not be served. This is for all senior citizens. My reason in stating this is to make it understood that anything that affects senior citizens, we are going to be aware of it.

Social Security has become a huge organization with great wealth, but the trouble seems to be that it is used for many financial needs, and not repaid. This must stop if we want the young of today to support it. They are of the opinion when they retire it will be of no value. We must restore faith in Social Security.

I am of the opinion we can start by reducing by law unreasonable cost of medical care by taking a deep look at charges for service. Raise the minimum allowable annuity and hold the line on the top recipients.

This will bring in line a level of living that may in many cases reduce medical cost. This, when looked at in close scrutiny, could be done without any strain on the economy. I am a strong believer that we need to shape up our act with what we have, before looking for new taxes.

Mr. Chairman, I thank you and hope this will help in some way.

Chairman JONES. Thank you very much, Mr. Mayes.

Let me just make two comments before our next witness testifies. I did not realize that the auditorium would not be large enough for everybody. There are some folks standing in the back. There are three or four chairs over here in the front, about half a dozen seats over here, if you want to come down and have a seat. I do apologize, but we did not know the response would be this great.

The second thing I would mention in response to your testimony, Mr. Mayes, about medical costs, one of the advantages of a hearing like this is people can ask questions.

One gentleman asked me before the hearing: He showed me that Medicare showed him with a certain amount of doctor bills last year, and he did not have any doctor bills last year. He wanted to know what to do about it. I strongly suggested to him that he take it to the Social Security office and report this.

A lot of people will have an overcharge or an improper charge on their Medicare bill. If these are not reported, we cannot get those things corrected. Each one of those situations costs the system. So I would just urge people, where there is an error, bring that to the attention of the Social Security office.

Our next witness is Charlotte Heard, Areawide Agency on Aging.

STATEMENT OF CHARLOTTE HEARD, EXECUTIVE DIRECTOR, AREAWIDE AGENCY ON AGING, INC., OKLAHOMA CITY

Ms. HEARD. I am director of one of the 11 area agencies on aging in Oklahoma. We cover the four counties of central Oklahoma

which are both rural and urban in nature. Therefore, I have a perspective from both those areas.

First, may I address the quality of service issue. At the present, I believe service to beneficiaries is as good as it can be, considering the increasing number of beneficiaries, the complexity of the processes, and the constant changes in policy and leadership. Of course, there are long waits, on the phone and in the offices. Persons must often return several times.

My observation of the workers in the Federal building just across the street from my office is that they do work hard and conscientiously. The Oklahoma City office, I believe, is well administered. A field office in Moore, in Cleveland County, takes some of the load. But persons in Logan and Canadian Counties must travel to Oklahoma City to conduct business.

I understand that, although the Gramm-Rudman Act supposedly exempts Social Security from cuts, it does not exempt the administration of the Social Security Administration from reductions. In 1986, these reductions are relatively small, still affecting the system, but in fiscal year 1987 they propose to close 360 field offices and reduce total staff by 19,000.

Field offices not only accommodate beneficiaries—and especially those frail and disabled who have great difficulty in traveling—but they also provide visibility for the Social Security Administration, a distinct help in preventing abuse. Without these offices, we can expect it to take longer to locate and stop abuse, and of course to be more costly. It will take longer to get services, and there will certainly be a depersonalizing of that service. Workers will no longer be able to help beneficiaries collect documentation. They will only be able to give them a list and say: Here bring this in before I can even talk to you.

I honestly believe that beneficiaries in some instances had rather take a COLA reduction across the board than deal with the increased frustration of inaccessibility to help, and further delay in knowing where they stand.

Second, may I strongly urge the removal of the Social Security Administration from the Department of Health and Human Services, where it falls prey to the political winds affecting that department. Social Security should not be subject to political appointment, nor political policies. It is simply a system of retirement, disability and health benefits for persons who have paid into the system to receive these benefits. It is nonpartisan and should be independent of any Federal department. Its funds, which belong to the contributors, should be immune to use by any other entity. The Social Security Administration, above all, needs continuity, efficient operation, more permanent policies and long-range planning, to benefit the beneficiaries and no one else.

Third, I would like to register my shock and disillusionment in regard to use of Social Security trust funds to sustain Government operations. Whether we call it disinvestment, or reasonable actions under the circumstances, the truth is that the Treasury Department, through cancellation of bonds held by the Social Security trust funds, used funds which belonged to the people, for its own use. These funds will not be recovered by the trust funds. Instead, every worker and employer will continue to pay into the system as

usual to make up for this loss. This is thievery and it was done by our own Government. It is no wonder the average man on the street has no confidence in his Government and feels impotent to affect it in any way.

Finally, the existence of Social Security through these years has saved the dignity of millions of people by providing them with help and the means of existence. It has allowed them to hold up their heads and say: I paid for my Social Security and am now simply receiving my benefits.

We should not, by tampering with or diminishing this system, make it unworkable for those it was created to aid. It is an American institution and rightly so. It should be maintained as an independent service, an insurance program for the benefit of the people who contributed and are still contributing to it. Thank you.

Chairman JONES. Thank you very much.

Our last witness on this panel is Flora Wagner.

STATEMENT OF FLORA WAGNER, RESOURCE PERSON AND PAST CHAIR, GOVERNOR'S ADVISORY COMMITTEE ON AGING

Ms. WAGNER. Mr. Chairman and Congressman Watkins, I am very pleased to appear before the group here today. I want to thank you for my invitation to appear, and I am going to keep it as brief as possible. But I am going to talk about some things that have not been mentioned before that I think are very important for the people to know.

I am Flora Wagner, the past State Federation president of NARFE, presently a member of the executive board and serve on the advisory council; a resource person and past chairman of the Governor's Advisory Committee on Aging; past State assistant director of AARP and now serving as assistant State coordinator for the AARP Health Care Campaign; president pro tem of the Senate for the first Oklahoma Silver Haired Legislature and now chairman of the Silver Haired Alumni Organization; a charter member of the Oklahoma Alliance on Aging; and a full-time volunteer advocate for the benefits of the retired and elderly population.

Now, the reason I listed all these people, I wanted to show you that I am involved in the aging network. For the record here today, I would like to be listed as an advocate for those people who cannot appear here today, rather than any special organization, because I have some comments that would have been difficult to get any organization to sponsor me on this program. You are going to learn what they are in a few minutes.

The staff told me that an open hearing was for people to say what they wanted to say, and I believe I have that privilege, do I not, Congressman?

I applaud Congressman Jones and the Social Security Subcommittee on the work they are doing to keep the Social Security System effective, enduring and beneficial in protecting the American family. The system has survived 50½ years and has helped millions of Americans of all ages.

Old Age, Survivors and Disability Insurance is what most people think of as Social Security. It is the largest program in the Social Security Act, of course. But there is much more to it. When Presi-

dent Roosevelt signed the bill into law on August 14, 1935, it then was and now is more than an old age program. Today, it includes Old Age, Survivors and Disability Insurance and Medicare, unemployment insurance, maternal and child health care, crippled children and child welfare services, Aid to Families with Dependent Children, Supplemental Security Income, Medicaid title XIX, and also the Social Services Program.

Now, when we look at it as simply an old age program, I think we are a little out of line. Most young people do not realize what their financial obligations would be to their parents and grandparents if there was no Social Security. The system has a built-in family protection program for all ages.

We do need, however, a better safety net for the thousands of older women living in poverty. Those receiving a very low Social Security survivor pension and Supplemental Security Income that live in the low income housing projects realize very little from a cost-of-living increase. The housing rents are based on income levels and the housing authority takes most of the COLA's for increased rents.

The Social Security Reform Act of 1984 was passed by both branches of the Congress in September 1984, and signed into law by the President in October 1984. It seems to me there has been some foot dragging in implementation of this new program.

Were there truly improvements made in the disability program, or will disabled individuals continue to be removed from the rolls without ever having demonstrated medical improvement?

I remember back in 1981 or 1982—I do not remember which now—when many disabled Oklahomans were suddenly removed from the rolls without any recourse. And this was nationwide. Senator Boren at that time held open hearings on this. We are interested in what has been done about it.

Public confidence in the system, as Mrs. Heard said, is at a very low level and it is felt that too much political activity of the present administration is interfering with the success of this program.

To make a successful program, it seems reasonable that we need a supportive mutual State-Federal partnership, not one that would close down the State field offices. This would only reduce the service to those in need and would deteriorate the program.

I have some material here that I was able to get at the Central States Coalition Conference in Tulsa in August 1985—a hearing before the Select Committee on Aging of the House of Representatives. It has been very helpful to me. I have studied it at length. I am going to quote a little bit of it, if I may, and I am sure that some of you do not really know what has been going on and maybe what is still going on.

I am going to quote Senator Jack Beckham where he says he is Senate chairman of the Committee on Human Services and Elderly Affairs and also the Senate chair of the Special Commission on Social Security Disability in the State of Massachusetts. He was the one that testified at that open hearing:

I want to join with you this morning to oppose the continuing war of the administration against the elderly, the poor and the disabled. Our Special Commission on Social Security Disability was formed as a result of the Reagan Social Security Ad-

ministration termination from Social Security benefits of disabled persons, many of whom were terminally ill, some of whom had lost two limbs, scores of whom actually died from their disabling illnesses before their court cases were heard.

As a result of the outcry resulting from these hearings of the Commission, your distinguished committee and others, as a result of the decisions of the administrative law court and the Federal judiciary, and finally due to acts of Congress, these deadly determinations were curtailed, at least temporarily.

We continue to fight against administration proposals to cut Medicare, Medicaid, Social Security benefits, and the cost-of-living increases for our people on this program.

The latest battle is centered upon the current plan of the Reagan administration to turn what was designed to be an impartial Social Security benefit system into an adversarial system, where a recipient will actually have to face a Federal lawyer whose job will be to oppose any recipient who seeks administrative review of an adverse decision of the Social Security Administration before the administrative law tribunal.

Did you know the Social Security Administration was proven in error in three-quarters of the cases reviewed by the administrative law judges when recipients appealed unfair termination of benefits?

As a result, the administration—in another attempt to save money at the expense of the poor or the elderly or the disabled—now proposes to hire a battery of Federal lawyers to oppose these actions of individuals in what has been an impartial review.

This proposal is actually illegal under the Social Security law 42 U.S.C. sec. 405(b) which does not authorize an adversary procedure prior to a hearing. But we shall have agency lawyers who will have made a decision prior to the hearing to oppose the alleged disabled citizen.

Thank you for allowing me to appear here and please let it be known that I am an individual advocate. Thank you.

Chairman JONES. Thank you Ms. Wagner.

Before I get into some specific questions, I would like to comment on the last part of your statement dealing with disability, and to bring you up to date on what has happened.

In 1981, when the Social Security Administration began its review process—I believe my numbers are approximately correct—there were about 1.2 million people on disability who were reviewed. Around 500,000 were summarily taken off the rolls.

Ultimately, almost 300,000 of those 500,000 were restored to the rolls. But at that time the law was, when they take you off, it is up to the person to prove that they are still disabled. Until they prove that, they are removed from the rolls and removed from the benefits.

In my district, I know of two cases—one was cancer-related, one was heart-related—where the people actually died before we could get them back on the rolls. The trauma that occurred was just inestimable.

The law was changed and the basic change in the law says that, yes, the review goes on. Nobody wants the Social Security trust fund paying people who are no longer disabled or who can work. None of us want that. But the law was changed to say that in the review process, if a person is deemed not to be disabled anymore, the burden of proof is on the Government to prove that they are not disabled.

That review process continues, and until a final determination is made and all the appeals are made, the disabled person can stay on the disabled rolls and receive the benefits. It certainly lessens the trauma connected with that.

The new law is being implemented for the first time this month. We were notified in late November or early December that there

would be 50,000 cases nationwide of disability reviews, beginning in January of this year and continuing thereafter.

I wrote the Acting Administrator of Social Security, Martha McSteen, and warned her that we do not want a repeat of what happened in 1981, and that this subcommittee would be holding very close oversight to see how the disability reviews were going, and we intended to call them before the Nation in hearings, if there was any kind of a repetition of what happened in 1981. So, we are keeping a close eye on that.

As I understand, all the witnesses here want to make Social Security an independent agency. We have no disagreement on that. I do not believe Ms. Wagner commented on this, but do you agree with the other witnesses?

Ms. WAGNER. May I comment?

Chairman JONES. Yes.

Ms. WAGNER. I think they are in a terrible situation. I am a Federal retiree and they robbed our trust fund before they robbed the Social Security. But you did not see anything in the newspaper about it but about two lines over on page 19 at the bottom of the page. We have been kind of scapegoats for any retirement group in the Nation. I think it is a little bit unfair to remove one group where they are raiding the trust fund and not remove all of them.

Chairman JONES. The reason we are concentrating on Social Security here is that this is the Subcommittee on Social Security, the only thing over which I have jurisdiction.

Ms.WAGNER. Yes; I know.

Chairman JONES. But I appreciate that and I will pass along those comments.

Let me just ask some questions that pertain to Oklahcma, some complaints and problems that our subcommittee has found nationwide.

First of all, with the service of the Social Security offices here: Are there problem areas or noticeable trends for concern about the delivery of service of the Social Security offices here in Oklahoma to retired people?

Anyone want to comment on that? Are there new trends and problems here in Oklahoma?

Dr. Andrus.

Mr. ANDRUS. I really do not think that there are any problems, except maybe two: One of the things that I think we have to watch is that people, in rural areas especially—but also in the urban areas as well—need to have someone they can talk to about Social Security.

To close off offices or to reduce personnel, I think, would be an injustice to these people. We are not in a technical area in our own minds or our practices. We harken back; maybe future generations will be. But it seems to me that this would be an injustice and be inhuman and I have heard by the grapevine, of course, and read some articles and research that we would have computers in malls and stores and you could go down there and punch in your favorite question and you would get back a canned answer, of course, from the administration or from whoever was giving the information. We need persons who will listen to us and persons who will help us solve problems. Some of them are quite serious.

Chairman JONES. You said the second area, was that the computer?

Mr. ANDRUS. Yes.

Chairman JONES. Anyone else want to comment on the question?

Let us go to the next question. We have heard that if the beneficiary tries to call Social Security either on the 800 number or a local number, it is often difficult to reach a representative, and callers are frequently kept on "hold" for a long period of time.

Is there a problem here in Oklahoma?

Ms. Heard, do you want to comment on that?

Ms. HEARD. I think that is true. You can wait for hours, I guess, trying to get in on the telephone. And, of course, when people go in they do sit for a good long time—perhaps hours there—as well.

Chairman JONES. Let me ask, is that consistent throughout the month or is that confined, say, to the first of the month when the checks are due?

Ms. HEARD. I do not really know that. I think it is consistent. We might ask our audience.

Chairman JONES. Let me just ask a general question. Is it a consistent problem throughout the month that you are put on "hold"?

[A chorus of ayes.]

Chairman JONES. That is very good to know because that is not something that has been brought to the attention of my office to any great degree.

How about you, Wes?

Mr. WATKINS. As Jim says, it has not been pointed out too often in my area, and I am glad to know what the feeling is here. I know several people out here are from the Third District, so I am assuming that this is a problem in the Third District also.

Ms. HEARD. Of course, you have people calling from other counties as well, because you have this one central office that serves every county.

Chairman JONES. Is the service provided to beneficiaries in person at the Social Security district offices or field offices, is that service prompt and efficient, or are retired people forced to wait for long periods of time to resolve their problems?

I think you related to that too, Ms. Heard.

Ms. HEARD. Yes; I think they do have to wait. I would say that, once they get to the desk and begin to talk with a worker, I think that they get good service. And I think we have many empathetic workers who do try to be helpful.

Chairman JONES. Let me ask the question this way: The administrative costs of hiring people, the phones and everything else, comes out of the Social Security trust fund.

Given that, do you have any suggestions on how it can be improved? Is there lack of personnel, or could there be some other way to improve the efficiency and cut down the time? Anbody want to take a crack at that?

Ms. HEARD. Could there be some preliminary group of people who could do screening and answer a lot of questions? Is there a way to, for instance, use volunteers to answer some of the easier questions? I do not know. I am just trying to——

Chairman JONES. That is not a bad idea.

Anyone else want to comment? Dr. Andrus.

Mr. ANDRUS. In our area, of course, and I think maybe throughout the State, I have looked at it and I would agree with Ms. Heard that once the person gets to the Social Security personnel they are very attentive and their answers are clear and helpful. They are concerned.

My theory is that no matter what it takes to serve human beings and to keep people in dignity, and so on, and to give them answers to the system to which they have contributed all these years, that it should not be too huge a cost concern.

Chairman JONES. Thank you. I have just one final question.

As you know, I was quite outraged when the Secretary of the Treasury admitted to invading the Social Security trust fund.

In fact, I was in Federal district court with AARP at 10:30 p.m. the night before they were going to do it again in the District of Columbia, to try to put a stop to that. The amendment that we got in did make them restore those funds plus the higher rate of interest.

But one of the things that I am looking at is whether to change the trustee status of the Secretary of the Treasury. Right now, and for a long time, the Secretary of the Treasury has been the principal trustee of the Social Security trust fund. He also wears the hat of being the General Treasury officer of the United States.

One of the things we are looking at is taking away his status as a trustee of Social Security and putting it totally in the hands of someone else, so that there could be no effort by the Secretary of the Treasury to invade that trust fund again.

Ms. Wagner, did you want to comment on that?

Ms. WAGNER. Yes; I read on two different occasions where it says that it costs 1.5 percent to administer the Social Security Program. Would you let us know if that is anywhere near in the ball park?

Chairman JONES. It is very much near the ball park figure. I think it has been around the 2-percent level, has it not?

Mr. STEITZ. Just under 2 percent.

Mr. ANDRUS. 1.5 percent.

Chairman JONES. My staff tells me it has been under 2 percent. That, I think, reflects favorably with the administrative costs, certainly of any other Government program anywhere, but also with administrative costs in private business.

Ms. WAGNER. What I cannot understand, if we do not pay any more than that to administer the program, why kill it by closing the offices and cutting down the personnel? I do not understand the system if they are trying to do that.

Chairman JONES. That is the same thing we asked about this time last year when they tried to do it and they could not come up with a good answer so we put a stop to their effort.

Thank you all. Yes, Dr. Andrus.

Mr. ANDRUS. I want to personally thank you and Mr. Watkins for calling this meeting and for the advance we have made. I hope that we can get this into a separate commission or board and operated as it is supposed to be and take away the fear that so many people have and restore the integrity, not only of the system, but also of the Government of the United States in a democratic form.

Chairman JONES. Thank you. Mr. Watkins?

Mr. WATKINS. I think I will just hold. I have got a couple of questions, but I think I will wait until after the next panel.

Chairman JONES. Let me say to the general audience, we need to first hear the panels that are testifying with written testimony. As soon as these panels are completed, we will throw it open for the time we have left to questions and comments from the audience. But in order to keep this in some form of order, we will do it by the panels who have been asked to testify first.

So we thank the first panel and we will call on the second panel now.

If you will come forward. Representing the Social Security Managers Association, David Bennett, president of the Dallas region from Lufkin, TX, and District Manager of the Social Security office in Lufkin; the American Federation of Government Employees, Mr. Sy Overturf, regional vice president in Dallas; and representing the National Association of Retired Federal Employees, Mr. H.L. "Rip" Ripple, State president in Oklahoma.

As I mentioned to the previous panel, your testimony will be included in the record. We would ask you to summarize it, if possible, and we will hear from all of you and then go into questions.

We would ask the audience if you could keep the noise down so that we can hear the witnesses and the court reporter can record it all; then we will go into questions.

Mr. Bennett.

STATEMENT OF DAVID L. BENNETT, LUFKIN, TX, PRESIDENT, DALLAS REGION, SOCIAL SECURITY MANAGERS ASSOCIATION

Mr. BENNETT. Mr. Chairman, I am appearing here today on my personal time representing the Dallas Region Social Security Management Association. We are a voluntary dues-paying organization composed of almost 500 managers and supervisors. We are located in approximately 150 SSA field offices in the 5 State region which includes, Oklahoma, Texas, Arkansas, Louisiana, and New Mexico.

Our regional organization, together with the national organization, represents the views of SSA's field office management to our top administrators in our regional and central offices.

I am also District Manager of the Social Security office located in Lufkin, TX. In addition, I am a native Oklahoman and have worked in three Social Security offices in Oklahoma, including the Oklahoma City office.

I feel uniquely qualified to testify before you today because the people I represent are in the most visible and accountable jobs in our agency. The programs we administer touch almost every American family. Nine out of ten Americans pay into the Social Security System and one of every six Americans receives Social Security cash benefits or are covered by Medicare.

Through the various programs we administer, we come in contact with that segment of the population which requires the most assistance—those in need, the aged and the disabled.

We are on the cutting edge of public reaction to every executive, legislative, judicial and agency decision affecting the Social Security Program. We also bear the brunt of any criticism of our agency or program.

Where we are today. As the number of beneficiaries rises, we continue to provide quality service but with declining staff.

Recent reviews of our payment accuracy show that 99.6 percent of the retirement and survivor benefits and 96.4 percent of the SSI payments we make are correct. We believe this is an enviable record.

However, we will pay out approximately $200 billion in fiscal year 1987. So even an 0.5 percent increase in the error rate would equal $1 billion in incorrect payments. Also we collect over $1 billion in debt each year. For each $1 invested in collection activities, SSA employees collect over $6.

The trend in recent years is more, not less, contact with the public because program costs demand it. We need more frequent reports from working beneficiaries, we need more regular accounting from payees, we need personal interviews with protesting, overpaid beneficiaries and disability beneficiaries subject to a review of their medical condition.

Under the able leadership of Acting Commissioner Martha McSteen, SSA has been accelerating productivity improvements through simplified policies and procedures and systems enhancements.

As a result, we administer the program in an extremely efficient manner. For example, in a recent survey of taxpayers conducted by the Roper organization, individuals were asked how much of every dollar in Social Security taxes went for administration of the program. The average response was 52 cents. The correct answer is less that 1½ cents.

We fear, however, that we are nearing the breakeven point. Productivity improvements are barely keeping pace with increased workloads. Systems modernization within our agency will mean that we can process data more rapidly, but there will be more data to process. And there are other problems to address.

It is extremely challenging and difficult to maintain employee morale in field offices in today's environment. Little or no pay raises and repeated attacks on Federal employees and their benefits are taking their toll.

In addition, we are worried about our ability to attract and retain good employees. We are beginning to see some of our best employees leaving Government service to accept more lucrative positions in private industry.

Where are we headed. We are worried about our future ability to provide the quality of service to the public that good government requires and to provide the quality of work that our enormous fiscal program demands.

We believe that now is the time to remove SSA from the unified budget. We believe that by taking the Social Security trust funds out of the calculation of the total Federal deficit, pressure will be lessened to use the trust funds, which are currently running a surplus, as a means of reducing the deficit.

As a $200 billion operation, SSA is attractive to budget makers and cost cutters as a place to reduce the deficit. Although the bulk of our programs are financed through the trust funds, policy decisons are now all too often based on the impact on the overall budget rather than what is best for the Social Security Program.

Removal of SSA from the unified budget will help put decisionmaking back in its proper perspective—balancing the interests of the American taxpayer with the needs of current and future recipients of SSA benefits.

INDEPENDENT AGENCY

To fully restore SSA to its position as a trusted and respected agency, we must make it an independent agency. The comprehensive nature of SSA programs demands long-range planning and decisionmaking. We need stable leadership.

Social Security has had nine commissioners in the past dozen years, four of whom served only in acting capacity. During that same period, there have been six HEW/HHS secretaries. This revolving door leadership has led SSA through several reorganizations adversely affecting employee morale and has made both short and long-range planning extemely difficult.

We believe this lack of stability has also been a major cause of the deterioration of public confidence in SSA. We need only to look at the implementation problems of the SSI program in 1974, the financial crises of 1977 and 1983, the problems with our computer systems and the disability cessations uproar over the last few years. We believe these were all avoidable and occurred primarily because of the lack of continuity in our leadership

Last, but certainly not least, look at OMB's plan to reduce SSA staff by 20 percent over the next 5 years. SSA needs the freedom to budget for and obtain needed resources, be it space, staff or computer systems.

How do we envision SSA as an independent agency? We certainly do not mean independence from congressional authority to change the program. We do not mean total freedom from budget approval. We do mean, however administration of the program by those accountable for the program, not by those whose social or budget priorities lie elsewhere.

We favor an organizational structure consisting of a board of directors and a commissioner. We feel it is essential to have a strong career commissioner with delegation of specific operational duties and authorities.

The board and/or commissioner must have greater autonomy from GSA and OPM for administrative services, computer acquisition and personnel management. We envision a dedicated, knowledgeable commissioner. We know of no better role model than our current acting commissioner, Martha McSteen.

In conclusion, I am proud to work for Social Security. Despite the problems I have mentioned, we deliver an invaluable service to millions of Americans in a dignified, courteous manner every day.

Besides being a distinctive community presence, the field structure represents unprecedented opportunities for Government to serve its citizens.

Let us restore the public's confidence in our program and let us allow SSA to regain its place as the model Federal agency delivering an important program in an efficient yet cost-effective manner.

Removing SSA from the unified budget and establishing SSA as an independent agency will move us steadfastly in that direction. Thank you.

Chairman JONES. Thank you.

[The prepared statement follows:]

STATEMENT OF DAVID L. BENNETT, PRESIDENT, DALLAS REGION SOCIAL SECURITY MANAGEMENT ASSOCIATION

WHO WE ARE

Mr. Chairman I am appearing here today on my personal time representing the Dallas Region Social Security Management Association. We are a voluntary, dues-paying organization composed of almost 500 managers and supervisors. We are located in approximately 150 SSA field offices in a Five-State region which includes Oklahoma, Texas, Arkansas, Louisiana, and New Mexico.

Our regional organization, together with the national organization, represents the views of SSA's field office management to our top administrators in our regional and central offices. We have enjoyed an excellent and productive working relationship.

We are a professional association which is recognized as supportive of and complementary to SSA management initiatives. We share SSA's objective of providing quality public service in an efficient and effective manner.

I am also a district manager of a Social Security Office located in Lufkin, Texas.

I feel uniquely qualified to testify before you today because the people I represent are in the most publicly visible and accountable jobs in our agency. The programs we administer touch almost every American family; 9 out of 10 working Americans pay into the Social Security System. One of every six Americans currently receive Social Security cash benefits or are covered by Medicare. We also pay benefits to recipients of Supplemental Security Income, as well as perform various other post-entitlement workloads under programs administered by Social Security.

Through the various programs we administer, we come in contact with that segment of our population which requires the most assistance—those in need, the aged and the disabled. Timely and accurate payments to our beneficiaries is this agency's foremost priority. We are proud of our agency's reputation for delivering quality public service to those we serve.

Each year about 25 million Americans visit Social Security offices, and another 20 million telephone us. We answer tens of thousands of congressional inquiries and other advocacy requests; prepare and deliver thousands of speeches, broadcast, and print media releases; and engage in other activities to inform the public about Social Security. We are on the cutting edge of public reaction to every executive, legislative, judicial, and agency decision affecting the Social Security program. We also bear the brunt of any criticism of our agency or program.

WHERE WE ARE TODAY

We in SSA are proud of our record of accomplishment. We deliver high quality service to the American people at low cost. As the number of beneficiaries rise, we continue to provide quality service but with declining staff.

Recent reviews of the payment accuracy of the beneficiary rolls show that 99.6 percent of the retirement and survivor benefits and 96.4 percent of the SSI payments we make are correct. This is an enviable record. However, we will pay out approximately $200 billion in fiscal year 1987. Even a one-half of 1-percent increase in the error rate would equal $1 billion in incorrect payments. Therefore it is imperative that we continue to strive to do even better.

We collect over $1 billion in debt each year. This money does not fall into our laps from a conscience-stricken population. Field office staffs throughout the country work diligently to collect this money. For each $1 invested in collection activities, SSA employees collected over $6.

The trend in recent years is more, not less contact with the public because program costs demand it. We need more frequent reports from working retirement and survivor insurance beneficiaries. We need more regular accounting from payees. We need personal interviews with protesting, overpaid beneficiaries and disability beneficiaries subject to a review of their medical condition.

Under the able leadership of Acting Commissioner Martha McSteen, SSA has been accelerating productivity improvements through simplified policies and procedures and systems enhancements. The Social Security Management Association has

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been proud to be a significant part of that effort, suggesting many simplified procedures which have been implemented.

As a result, we administer the program in an extremely efficient manner. In a recent survey of taxpayers conducted by the Roper organization, individuals were asked how much of every dollar in Social Security taxes went for administration of the program. The average response was 52 cents. The actual answer is less than one and one-half penny!

We fear, however, that we are nearing the breakeven point. Productivity improvements are barely keeping pace with increased workloads. Systems modernization within our agency will mean that we can process data more rapidly; but there will be more data to process. And there are other problems to address.

It is extremely challenging and difficult to maintain employee morale in field offices in today's environment. Little or no pay raises and repeated attacks on Federal employees and their benefits are taking its toll. With the early taxation of retirement benefits under the proposed tax reform legislation, we could lose many of our best and most experienced personnel.

In addition, we are worried about our ability to attract and retain good employees. Our professional staff must not only be able to understand the complex and voluminous Social Security Act, regulations, and procedures, but must also be able to explain them to the public. Field office employees must be both master technicians and caring, compassionate interviewers. We are beginning to see some of our best employees leaving Government service to accept more lucrative positions in private industry.

WHERE ARE WE HEADED

We are worried about our future ability to provide the quality of service to the public that good government requires and to provide the quality of work that our enormous fiscal program demands.

We believe that now is the time to remove SSA from the unified budget. We believe that by taking the Social Security Trust Funds out of the calculation of the total Federal deficit, pressure will be lessened to use the trust funds, which are currently running a surplus, as a means of reducing the deficit. This would provide Congress with a clearer picture of the size of the Budget deficit, undisguised by the surpluses in the Social Security Trust Funds.

As a $200 billion operation, SSA is attractive to budgetmakers and cost cutters as a place to pare the deficit. Although the bulk of our programs are financed through the trust funds, policy decisions are now all too often based on the impact on the overall budget rather than on what is best for the Social Security Program. Politics in its true and noble sense must always govern SSA. But partisan politics must never interfere with our recognition of the dignity of America's senior citizens and the disabled. Removal of SSA from the unified budget will help put decisionmaking back in its proper perspective—balancing the interests of the American taxpayer with the needs of current and future recipients of SSA benefits.

INDEPENDENT AGENCY

To fully restore SSA to its position as a trusted and respected agency, we must make it an independent agency. The comprehensive nature of SSA's programs demands long-range planning and decisionmaking. Since the Nation's workers are dependent upon the Social Security System for the "floor" of their income protection, it is necessary to develop a stable a program as possible.

Social Security has had nine Commissioners in the past dozen years, four of whom served only in an acting capacity. During the same period there have been six HEW/HHS Secretaries. This "revolving door" leadership has led SSA through several reorganizations adversely affecting morale and has made both short and long-range planning extremely difficult. It is urgent to restore stability in executive leadership in SSA.

We believe this lack of stability has also been a major cause of the deterioration of public confidence in SSA. We need only to look at the implementation problems of the SSI Program in 1974, the financial crises of 1977 and 1983, the problems with our computer systems, and the disability cessations uproar over the last few years. We believe these were all avoidable and occurred primarily because of the lack of continuity in our leadership.

Look at GSA's inability to timely and satisfactorily meet SSA's space needs. HHS mandated staffing restrictions and freezes severely hamper SSA's ability to recruit needed employees. Last, but certainly not least, look at OMB's plan to reduce SSA's

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Staff by 20 percent over the next 5 years. SSA needs the freedom to budget for and obtain needed resources be it space, staff, or computer systems.

How do we envision SSA as an independent agency? We certainly don't mean independence from congressional authority to change the program. We don't mean total freedom from budget approval. We do mean, however, administration of the program by those accountable for the program, not by those whose social or budget priorities lie elsewhere. The Federal Reserve Board stands as an example of an effective, stable Board of Governors lending steady management to the Nation's money supply.

We favor an organizational structure consisting of a Board of Directors and a Commissioner. We feel it is essential to have a strong career Commissioner with delegation of specific operational duties and authorities. The Board and/or the commissioner must have greater autonomy from GSA and OPM for administrative services, computer acquisition, and personnel management. We envision a dedicated, knowledgeable Commissioner—we know of no better role model than our current Acting Commissioner Martha McSteen.

I am proud to work for Social Security. Despite the problems I have mentioned, we deliver an invaluable service to millions of Americans in a dignified, courteous manner every day.

Our field office structure stands as a hallmark of SSA's uniqueness. Besides being a distinctive community presence, the field structure represents unprecedented opportunities for government to serve its citizens.

Our local offices achieve not only accessibility but trust and cooperation with our public. Let us restore the public's confidence in our program and let us allow SSA to regain its place as the model Federal agency delivering an important program in an effective yet cost-efficient manner. Removing SSA from the unified budget and establishing SSA as an independent agency will move us steadfastly in that direction.

VOICE. Mr. Chairman, is there any way we can get a progress report on the time element when we get out, how many other speeches and when can we get a chance back here to say something?

Chairman JONES. That is a good point. There are three panels. This is the second panel. I would anticipate that the last panel will be over somewhere between 12 and 12:30. We have asked the witnesses to summarize their testimony and they will move it along as quickly as they can.

VOICE. Congressman, when will you have some questions from the floor, because a lot of people have to leave?

Chairman JONES. That is what we are going to do as soon as these set panels are through. Mr. Overturf, if you would proceed.

STATEMENT OF SYLVESTER OVERTURF, REGIONAL VICE PRESIDENT, DALLAS REGION OF THE NATIONAL COUNCIL OF SOCIAL SECURITY FIELD OFFICES, AMERICAN FEDERATION OF GOVERNMENT EMPLOYEES ACCOMPANIED BY ROBERT R.

Mr. OVERTURF. My name is Sylvester Overturf. I am the regional vice president, Dallas region of the National Council of Social Security Field Offices, American Federation of Government Employees. There are about 3,600 employees in the Social Security field offices in the Dallas region, of which the American Federation of Government Employees represents about 2,500. I would also like to express my appreciation for the invitation to present testimony at this hearing.

I am directing my comments primarily toward the adverse impact which the proposed reductions will have on the programs administered by the Social Security Administration. The effects of the budget reductions which I will be citing is based upon best-case

assumptions. That is, I am assuming the administration's projected 4-percent economic growth through fiscal year 1991. Therefore, if there is less growth, it is very likely that even greater reductions will be required under Gramm-Rudman-Hollings.

First, I want to discuss the effect of Gramm-Rudman-Hollings on fiscal year 1986 as a result of the mandated 4.3-percent reduction. The Social Security Administration currently has a staff of about 76,842 employees with about half of this number located in the field offices.

If the 4.3-percent reduction is applied to staffing in terms of person years, it will be necessary to eliminate an equivalent of about 3,300 positions in fiscal year 1986 with about 1,650 of this number coming from field office staffing.

I will illustrate the effect of this reduction on field office staffing in the following ways:

First, the Moore, OK, office is the third largest office in the State with 25 employees. The 1,650-employee reduction will staff 66 such offices.

There is a total staff in all offices in Oklahoma of 441 employees. That is it for all the field offices in Oklahoma. The 1,650-employee reduction is almost four times the staffing for all of Oklahoma.

There is a total of about 3,600 employees in all the offices in the Dallas region, and that encompasses the States of Arkansas, Louisiana, New Mexico, Oklahoma, and Texas. The 1,650 reduction will equal almost half of the employees in the region.

We have been told that the following actions will probably be taken to make the 4.3-percent cost reductions: First, overtime will be canceled. Second, virtually all travel will be canceled. Third, training will be canceled. Fourth, all nonpermanent employees will be terminated. If these four actions do not achieve the required reduction, permanent employees will be furloughed.

These reductions are being made during a period of increasing workloads. To illustrate this trend toward greater workloads, I will cite the situation in the disability area. I recently verified that about 23 percent of initial claim decisions pending at the Oklahoma Disability Determination Unit had been there over 100 days.

In addition to the increased initial claim load, the field offices were instructed to start processing the Mental Impairment Denials—I will refer to those as 122 cases—and resume the Continuing Disability Review—known as CDR—of the beneficiaries currently entitled.

Due to the current backlog of initial claim decisions, the Oklahoma Disability Determination Unit has limited the rate at which it will attempt to process the 122 and CDR cases. At the current established rate, it will take from 1 to 2 years to process the 122 cases currently pending in the field offices. Also, an undetermined number of cases are yet to be received by the field offices. The CDR cases will also be processed at a similar rate to the 122 cases.

If Gramm-Rudman-Hollings is fully implemented, one can only conclude that the Social Security Administration will be a shell of its former self by fiscal year 1991. The current staff of 76,842 will be reduced by 25 percent to 57,631 in mid-October of this year.

Additional staff reductions will be required as follows: Fiscal year 1988, reduced to 50,751; fiscal year 1989 reduced to 44,122;

fiscal year 1990 to 37,944; and fiscal year 1991 to 32,253. As previously stated, these reductions are based on best case assumptions.

I think, as we all know, the OMB, under the current administration, has consistently overestimated economic growth and underprojected deficits. Therefore, it is very possible that even more drastic cuts will be triggered under Gramm-Rudman-Hollings.

There is really very little fat in the Social Security Administration budget and the fiscal year 1986 reductions will reduce it to the bare bones. It is esssential to protect the Social Security Administration budget from these cuts which would occur beginning with fiscal year 1987.

In my judgment, it is in the interest of effective administration to accomplish this within the framework of an independent agency.

Chairman JONES. Thank you very much.

[The prepared statement follows:]

STATEMENT OF SYLVESTER OVERTURF, REGIONAL VICE PRESIDENT, DALLAS REGION, AMERICAN FEDERATION OF GOVERNMENT EMPLOYEES

My name is Sylvester Overturf and I am the Regional Vice President, Dallas Region of the National Council of Social Security Field Offices, American Federation of Government Employees There are about 3,600 employees in the Social Security Field Offices in the Dallas Region of which the American Federation of Government Employees represents about 2,500. I want to express my appreciation for the invitation to present testimony at this hearing.

I am directing my comments primarily toward the adverse impact which the proposed budget reductions will have on the programs administered by the Social Security Administration. The effects of the budget reductions which I will be citing is based upon the best case assumptions. That is, I am assuming the Administration's projected four precent economic growth through FY 1991. Therefore, if there is less growth, it is very likely that even greater reductions will be required under Gramm-Rudman-Hollings.

First, I want to discuss the effect of Gramm-Rudman-Hollings in FY 1986 as a result of the mandated 4.3 percent reduction. The Social Security Administration currently has a total staff of about 76,842 employees with about one-half of this number located in the Field Offices. If the 4.3 percent reduction is applied to the staffing in terms of person years, it will be necessary to eliminate an equivalent of 3,300 positions in FY 1986 with about 1,650 of this number coming from the Field Office staffing.

I will illustrate the effect of this reduction on Field Office Staffing in the following ways:

(1) The Moore, Oklahoma Office is the third largest office in the State with 25 employees. The 1,650 employee reduction will staff 66 such offices.

(2) There is a total staff in all offices in Oklahoma of 441 employees. The 1,650 employee reduction is almost four times the staffing for all of Oklahoma.

(3) There is a total of about 3,500 employees in all the offices in the Dallas Region. The Region is composed of Arkansas, Louisiana, New Mexico, Oklahoma and Texas. The 1,650 reduction will equal almost one-half of the employees in the Region.

We have been told that the following actions will probably be taken to make the 4.3 percent cost reductions:

(1) All overtime will be cancelled.

(2) Virtually all travel will be cancelled. This will include travel to contact stations and other local travel needed to administer the program.

(3) All training will be cancelled.

(4) All non-permanent employees will be terminated. If these four actions do not achieve the required reduction, permanent employees will be furloughed.

There are only 15 non-permanent employees in office, however, their positions are needed because they provide much of the clerical support for the professional technical employees. The elimination of the non-permanents would mean that professional-technical employees would have to spend even more time performing clerical duties.

Cancellation of travel would leave people in outlying areas without a contact with the Administration unless they travel substantial distances or rely on the telephone. Essentially, service would no longer be reasonably available to these people. Also,

there is other travel in the service areas which is essential to the administration of the program. For example, the homebound person may require a face-to-face interview to conduct certain business.

The cancellation of training will create a problem in filling the professional-technical vacancies with trained personnel. The training for the Dallas Region is conducted in the one location in Dallas. The training sessions vary from three to nine weeks. The suspension of training for a substantial period of time would inevitably lead to a backlog of untrained personnel and adversely affect the quality of service to the public.

While there has not been a large amount of overtime worked in the recent past, it has played a significant role in enabling Field Office employees to process their workloads. Frequently, employees are unable to perform non-interviewing duties on a timely basis because of the volume of interviews. During the past several months, there has been a significant trend toward increased workloads; therefore, it is likely there will be a greater need for overtime even if staffing is not reduced.

I believe that the trend toward greater workloads can be best illustrated in the disability area. I recently verified that about 23 percent of the initial claim decisions pending at the Oklahoma Disability Determination Unit has been there over 100 days. In addition to the increased initial claim load, the Field Offices were instructed to start processing the Mental Impairment Denials (known as 122 cases) and resume the Continuing Disability Review (CDR) of beneficiaries currently entitled.

Due to its current backlog of initial claim decisions, the Oklahoma Disability Determination Unit has limited the rate at which it will attempt to process the 122 cases and CDR cases. At the current established rate, it will take from one to two years to process the 122 cases currently pending in the Field Offices. Also, an undetermined number of cases are yet to be received by the Field Offices. The CDR cases will also be processed at a rate similar to the 122 cases.

If Gramm-Rudman-Hollings is fully implemented, one can only conclude that the Social Security Administration will be a shell of its former self by FY 1991. The current staff of 76,842 will be reduced by 25 percent to 57,631 in October, 1986. Additional staff reductions will be required as follows: FY 1988—by 12 percent to 50,751; FY 1989—by 13 percent to 44,122; FY 1990—by 14 percent to 37,944; FY 1991—by 15 percent to 32,253.

As previously stated these projected reductions are based upon best case assumptions. The OMB under the current Administration has consistently over-estimated economic growth and under-projected the deficit. Therefore, it is very possible that even more drastic cuts could be triggered under Gramm-Rudman-Hollings. There is very little fat in the Social Security Administration and the FY 86 reductions will reduce it to the bare bones. It is essential to protect the Social Security Administration budget from these cuts that would occur beginning with FY 1987. In my judgment, it is in the interest of effective Administration to accomplish this within the framework of an independent agency.

Chairman JONES. Robert Smith is also at our panel. I understand he is not going to give testimony. Thank you for being here though.

Mr. "Rip" Ripple.

STATEMENT OF H.L. RIPPLE, OKLAHOMA STATE PRESIDENT, NATIONAL ASSOCIATION OF RETIRED FEDERAL EMPLOYEES

Mr. RIPPLE. Thank you Mr. Chairman, Congressman Watkins. The 38,000 Federal retirees and survivors in the State of Oklahoma are honored to be able to express our views before the committee.

While many of our annuitants and survivors do not receive Social Security benefits, they must avail themselves of services and advice offered by the Social Security Administration and as a group vitally concerned with the functions and legislation affecting our peer group, we are deeply concerned on the subject of proposed Social Security Administration staffing reductions and office closings.

We feel that the Social Security Administration in Oklahoma does a good job of servicing the 450,000 beneficiaries in this State,

and this figure does not include the myriad of calls and personal questions that are handled by SSA offices. If anything, the greatest complaints appear from customers who complain of long lines in the offices, extensive waiting times for telephone service and the distance that must be traveled to reach a, quote, local office.

Nationally, the SSA administrative cost consumes about 1.5 percent of SSA's total budget with a relatively low error rate. If the proposed reductions are consummated and the national figure of 36 million beneficiaries is scheduled to increase to 40-plus million by 1990, it is inconceivable that more efficiency and less error rate can be achieved by a reduced labor force and the closing or downgrading of offices within the State of Oklahoma. Rather, it should be considered how the SSA should be gearing up to accommodate the increased needs of a growing beneficiary population.

In April of last year, information was obtained from the Select Committee on Aging, and it was proposed that under this heading that the offices to be closed in Oklahoma would be 10. Under a second heading, it was proposed to downgrade an additional four. Most of these are in the small communities or rural areas. Under Gramm-Rudman, this could again rise.

In a State where 60 percent of its rural elderly no longer drive and transportation from parts of the State is a real problem, this can pose an extreme hardship. Further, the loss of personalized relationship between the beneficiaries and their Government, added to the trauma of retirement, could be most damaging to an increasing elderly population. All efforts should be aimed at greater personalizing the relationship rather than decreasing them. This is unlikely to occur if an already undermanned and overworked staff is asked to service an even greater caseload. Surely the low rate of error enjoyed by the agency—and the SSA has reason to be proud of this—will climb with a vengeance. Mail backlogs, longer lines in the offices, and the strain on the handicapped or impaired elderly plus the need to arrange transportation, again I say to the quote local office, might be more than some wish to bear.

While the proposed office closings and the reduction of personnel across the SSA system are in themselves a potentially devastating impact upon many Social Security beneficiaries, we understand that SSA is considering an additional proposal that would call for the elimination of all 34 of the agency's telephone service centers.

This we feel would eliminate an extremely valuable tool that allows the handling of routine questions and answers without a trip to the local office. We urge the committee to consider the retention of these telephone service centers.

On the matter of Social Security Administration being established as an independent agency, I perhaps will give the lone dissenting position. We can only State that while SSA makes up about two-thirds of the DHHS complement of personnel, and that policies and procedures are sometimes confused by high level position turnover, it like other agencies of the Government must be responsive to administration policy, decisions and philosophies.

The greatest danger could occur by removal from the unified budget when surpluses to the trust fund could increase the overall deficit.

As I recall in last April when Congressman Jones spoke of inquiring about the Postal Service, by law they could tell you to buzz off. Would not that be so if SSA were an independent agency unless covered by an appropriate law?

On the question raised about the disinvestment of Social Security trust funds, I would like to make the following comments:

When the Social Security trust funds were used to keep the Government operational because the debt ceiling was not raised, it made headlines all over the country. Few people knew beyond the congressional hearing rooms, however, that weeks before the Social Security trust funds were utilized, the civil service retirement trust fund had, quote, been disinvested for over $5 billion to provide enough cash for the U.S. Government to last through the end of October.

First of all, I must say that we were somewhat relieved by the news of the trust fund utilization to assist the Government to continue to operate. For over the past 5 years, NARFE has refuted orchestrated charges that our trust fund was either bankrupt, or bankrupting the Nation. We denied these administration charges because they were not true. The utilization of the funds have demonstrated our fund is not only healthy but indeed strong enough to save the Nation from bankruptcy.

We do not sanction the promiscuous use of trust fund moneys, either from the Social Security, civil service retirement fund, the railroad retirement or military retirement fund. We feel that the House bill that was passed to assure that there be no loss of funds or interest to these funds was right and proper. However, we do feel that legislation that favors one group of retired and elderly at the expense of other retired and elderly is pure discrimination.

On one hand, the civil service retirement trust funds are used to keep the Nation from default, but on the other hand they were denied the same inflation protection afforded others. Considering the number involved, this action can only be construed as politically motivated. If this Congress is serious about the deficit reduction, it should take direct across-the-board action.

We feel that the Secretary of the U.S. Treasury violated the Social Security Act and the civil service retirement trust fund and other trust fund ground rules when they failed to transfer employee and employer funds to the trust funds as required by law. Disinvesting funds to keep the Government operating within the Federal debt ceiling limits, and using the trust funds for purposes other than paying benefits or covering administrative costs, is a direct violation of the law. As you know, several suits and those that you participated in have been filed against the U.S. Treasury and the GAO, and the GAO vindicated such action in a report filed in December.

This promiscuous use of funds, from whatever trust, can only destroy faith and confidence in the trust, and in the Government that administers them. We urge stronger control and barriers to prevent such happenings in the future.

I would like to deviate from the proposed items for discussion for a moment, Mr. Chairman, and address related trust fund handling in the national budget process and the deficit reduction.

As Social Security is moved off the budget, civil service retirement and many other small retirement programs are in serious jeopardy by virtual isolation in the budget. It will appear to be much larger in the budget since the budget minus Social Security will be much smaller. Social Security COLA's would no longer have a budgetary impact, but civil service retirement COLA's certainly would.

First of all, this issue has not simply materialized over the past few months. It has been around since the unified budget was created in 1968. On the advice of a Presidential commission that there should be one approach to the matter of establishing national priorities, and funding those that had merit, the unified budget was enacted as a national policy.

Under this process all receipts by the Government and all disbursements made by the Government—whether to the general Government itself or to a trust fund—were to be transacted and reported as budgetary revenues and disbursements. In this manner national wealth could be compared to national obligations to ensure that the Nation, like a family, had sufficient resources to meet its obligations.

With this background, let us look at where we are today. The civil service trust fund receives annual income from three sources—employee contributions, agency matching contributions, and an annual appropriation from the government established by law in 1969. The latter ensures that the fund has sufficient resources to meet its financial obligations. Additionally, all of the money is required by law to be invested in Government securities and the interest that money earns becomes part of the fund.

Neither the agency match, the annual appropriation, nor the interest on fund assets have any budgetary impact since the funds are merely transferred from one Government account—or pocket, as you will—to another Government account within the budget. The employee contributions actually reduce the budget deficit since these funds come from employees into the trust fund and are therefore considered revenue coming into the budget.

The budgetary impact of civil service retirement results primarily from two actions—payments to employees who leave the Government and withdraw their contributions, and payments to retirees who draw annuities from the fund. These two actions constitute budget outlays.

According to the Congressional Budget Office, removal of the civil service trust fund from the budget would have increased the budget deficit by $14 billion in 1984, $16 billion in 1985, $17 billion in 1986 and 1987, and $18 billion in 1988. I have enclosed with my presentation a CBO analysis.

Removing Social Security from the budget would also increase the budget deficit but for a different reason. The sources of Social Security funds are primarily non-Government entities—private sector employees and employers. The Government merely administers this fund.

However, because the fund is contained in the budget, any fund surplus offsets the budget deficit on a dollar for dollar basis. Right now, that budget surplus is about $5 billion and is predicted to grow to $50 billion by 1992.

That is why proponents of removing Social Security from the unified budget pressed for action now. They realized that once the surplus became much larger, it would be more difficult to move it off budget, since the net effect of removing a surplus from the budget is to increase the deficit.

We now are at a critical stage. Removing the civil service trust fund from the budget is highly improbable and undesirable because of the budgetary impact. But as Social Security is moved off budget, civil service retirement will loom large within the budget as a target.

The scenario gets even worse when one considers that in 1983, Congress required all new Federal employees to participate in Social Security. The employer—in this case the Government—will contribute to Social Security for post-1983 Federal hires.

When Social Security is moved off budget, these employer contributions for Social Security coverage of current workers will be an outlay with a deficit impact. Since the Government hires almost 300,000 new workers annually, these Government/employer contributions will increase dramatically over the next few years.

Those who have consistently attacked civil service retirement over the years must be anticipating this prospect with great relish. Simple bookkeeping changes would strengthen their hand considerably, since the cost of providing for the retirement security of an active and retired worker would appear to grow at a remarkable pace at the same time the Congress will inevitably still be dealing with the deficits.

Finally, the deficit is everyone's problem. Its impact is reflected in the markets, in interest rates, and in our national expectations and dreams for our children and grandchildren. Whether or not Social Security remains on budget, economists and markets simply cannot ignore the system's impact on the economy.

A $300 billion annual tax levied on workers and employers will still occur, as it should, to support those who rely on the system for income, and the impact of that tax will still be felt in our economy.

Thank you, Mr. Chairman, for allowing us to speak to your group.

[An attachment to the statement follows:]

EFFECT ON UNIFIED BUDGET DEFICIT FROM TRANSFERRING THE CIVIL SERVICE RETIREMENT [CSR] TRUST FUND OFF BUDGET

If the CSR trust fund was off-budget then the 1984 Federal budget deficit would have increased by some $14 billion. The transfer of CSR reserves, estimated at some $110 billion in 1984, would not affect the deficit directly. But future interest payments would increase outlays. The 1985–1988 estimates use CBO baseline assumptions as of February 1985.

[By fiscal years, in billions of dollars]

	1984	1985	1986	1987	1988
Baseline budget deficit	185	214	215	233	249
Budget deficit if CSR is off-budget	199	230	232	250	267
(Detail of deficit impact)					
Loss of revenues [1]	4	4	5	5	5
Net outlay increase [2]	10	12	12	13	13

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[By fiscal years, in billions of dollars]

	1984	1985	1986	1987	1988
Total deficit impact	+14	+16	+17	+17	+18

[1] Revenue reductions result from the loss of CSR contributions from Federal employees and from the District of Columbia.
[2] Represents the difference between increases in outlays due to CSR payments from Federal agencies (including the U.S. Postal Service) and general fund appropriations netted against CSR outlays for beneficiaries and for administrative expenses.

Chairman JONES. Thank you.

Let me say that each one of those prepared testimonies was very, very good. If somebody can figure out the sound system and get that fixed before I ask questions, I would appreciate it. Every time that the administration says they can replace a field office with a computer, I will think of this sound system.

Let me say first of all to Mr. Bennett, that I agree wholeheartedly with your comments about Martha McSteen. I think she has done a remarkably good job in directing the Social Security Administration. I regret that the kind of treatment she has received from the administration has made it very difficult for her to be an effective leader.

I wish she were—she is certainly a much better choice than the ones I have been reading about that might be the permanent Director or Administrator of Social Security.

Let me ask Mr. Bennett, first of all, you had commented in favor of making Social Security an independent agency.

There are those who feel that Medicare—which is the health part of the Social Security trust fund taxes—that Medicare should be taken out of HHS and put into the Social Security independent agency, too. There are those who violently disagree.

Would you comment on whether the health portion should be included or not? And is that sound system working yet?

Let me just say to the audience, then, while they are trying to fix the sound system, if you could bear with us, I do want to get this comment on the record. We are going to proceed with the hearing. It is very important that we get it on record, that I can take it back to Washington to incorporate this in—even though you may not be able to hear it all—if you will bear with us we can get this going.

Mr. Bennett.

Mr. BENNETT. I think that in our agency, or in our association, there would be some mixed feelings on that. But we believe that it would be best to have Medicare a part of the independent agency because regardless of where the agency that administers the Medicare Program, HCFA, is placed, Social Security offices due to the nature of the program, will be heavily involved in responding to clients.

Chairman JONES. Half of Medicare is from general appropriations and the other half from the payroll taxes. Would you divide it up that way or put it all into an independent agency? Would you comment on that.

Mr. BENNETT. I am sorry, Mr. Chairman, that is not a subject I have really given any thought to.

Chairman JONES. OK. Anyone else want to comment on that?

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All right, let us move on. We have heard that claims representatives did not have the time or the resources to do their jobs in many of the district and field offices and we hear from the previous panel that people have to wait a long period of time in an office or on "hold" on the telephone.

Do you have any suggestions on how that can be resolved? Is this a complaint that you have heard before in the area of Oklahoma or not?

Mr. BENNETT. It is my perception that this problem is more of a problem in the larger urban area offices, and that it is primarily a problem early in the month when all the checks go out.

I do not have a perception overall personally that this is a widespread problem throughout the month. That is just my perception.

Chairman JONES. Anyone else want to comment on this?

All right. What effect has Social Security's claims modernization project had on the day-to-day operation of field offices, and has any real progress been made in computerizing the district offices? I refer specifically to Oklahoma.

Mr. BENNETT. We are noticing an improvement in some of the things that the system can do to help us. The complete modernization project, which we refer to as claims modernization, CMP/FOSE, seems to be pretty much on schedule, only slightly behind.

It is in the pilot phase at the present time. The general group of our offices, for instance most of those in the Dallas region, do not yet have the equipment in their offices. It is due to be installed, I believe, by the end of 1987—so right now we have not seen a significant degree of systems enhancement in our offices.

Chairman JONES. Now what about the disability claim—you want to answer it? Go ahead.

Mr. OVERTURF. Well I guess the thing in my view—and I have been around here for almost 24 years, since 1962—that seems to usually happen in a situation like FOSE is that administration proceeds on the presumption that the system will do essentially what it is supposed to do and administrative procedures runs ahead of the performance of the system.

We are already, I think, running into that because I know I made it a point to sit in on a meeting here a few weeks ago with our people that are more involved in this type of thing. I know they were going over the number of systems problems, things that were supposed to work and they did not.

So I think that this will be really the big problem in that area, and I think we are starting to see some of it.

Chairman JONES. Let me ask either one of you about the disability reviews that started this month, are you having any problems with those? Is it working smoothly, as far as you can tell?

Mr. OVERTURF. Well, we really have not gotten into it enough to really know because we did not start sending cases over to the Disability Determination Unit until this month. So we do not have any fix—at least as far as the offices that I deal with—as to how long it would take.

Mr. BENNETT. I would also say that we have not had enough experience at this time. However, I would say that, based on the training that we have been required to do and the information that I have read would lead me to believe, from an internal perspective,

that the agency has given this area a tremendous amount of attention. The agency is very conscious of the problems of the past and made a really strong effort to see that the process goes smoothly.

Chairman JONES. Mr. Ripple do you want to add anything to that?

Mr. RIPPLE. Well, I was just going to add, Mr. Congressman, that I thought they were giving this area a lot of attention because of your presence and the fact that you are on the Social Security Subcommittee.

I cannot comment on their mechanisms and perhaps I am on the wrong panel because I have been retired for 7 or 8 years and involved in many other senior activities. But you did ask them the question about the timing coming in, and we did notice from the past, for example, when Mrs. Heard was here.

We were talking about people from the Guthrie area and all this, that rather than try to come into the Oklahoma City area where the parking is difficult and the lines are long, that they drive to Enid—they drive to other offices further away when they should be coming in here because of the problems and the long waiting here. I think this is really because the office here is really undermanned.

I say this having gone down there myself. I know what it is. I have to go through those things and many of our people out here I am sure will substantiate this. I think that with the staff they have that they are doing a tremendous job with the staff they have. You will go into the waiting rooms and you will find the crowds there.

So, as he spoke about the Moore office, I am sure that the Moore office has siphoned off a lot of people that, rather than come downtown, will go down to the Moore office and find a place.

Chairman JONES. Thank you. Let me ask, one of you referred to using overtime and temporary workers and more to do the work in the field. Have you noticed this trend? Does it have an effect on beneficiary service, and what happens if Gramm-Rudman kicks into effect? I gather that would be cut out. But particularly, I want to see if you have any feeling on the use of overtime or temporaries, if it is affecting beneficiary service.

Mr. BENNETT. It is my understanding that the majority of offices do rely upon some amount of overtime to get the job completed. We have not yet gotten specific instructions, I do not believe, across the board as to the effect of Gramm-Rudman.

I do know that last week I was told that my overtime allowance for a 6-month period had been reduced significantly. In the majority of offices, this will affect to some degree our ability to do the job. The termination of temporary employees would hurt.

We really do not have many temporary jobs in Social Security offices. We just have temporary employees by the nature of their job appointment, but they are really permanently needed. The potential effects of Gramm-Rudman could be devastating, without a doubt.

That is why we believe that if the President and Gramm-Rudman say that Social Security is off limit, our concern is that the administration of the program is not off limits, our budget and so forth. The beneficiaries to be served will be there, but what kind of service can we deliver to these people?

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We have talked quite a bit during testimony today about the low cost of administering the program. Many of these people here and others have testified to that. Wilbur Cohen, from whom I heard a speech a few months ago said that we probably should spend more than 1.5 percent on administration.

Maybe we have reduced that figure too low. Perhaps we should have more budget, possibly more overtime, and so forth to administer the program in order to deliver the kind of service to the Social Security beneficiaries and the public that they really want, and deserve.

Chairman JONES. I am going to ask the audience for a show of hands here on my final question.

It deals with what one of the panelists mentioned, that by exempting Social Security from the Gramm-Rudman balanced budget amendment, and a few other programs, about half of the spending side of the budget is exempted from the deficit reduction part, and, therefore, if everything were treated across the board, it would be less of an impact on any part, the other half of the budget.

So I am going to ask for a show of hands on two or three questions, preferably not comments, but we would like to have just a general feel from those of you who are here.

First of all, do you support the target of Gramm-Rudman, which is to cut the projected Federal deficit 20 percent a year so that 5 years from now, in 1991, there will be a balanced budget? Do you support the target of reaching a balanced budget by 1991? Will you raise your hands.

All right. Those opposed to reaching a balanced budget by 1991?

I would say slightly more are in favor than opposition.

Now, the second question is: If the law is kept the same, if you assume we are going to reach a balanced budget by 1991, should all programs, including Social Security, be included in the across-the-board restraint in order to reach a balanced budget? Should all programs be included? Would you raise your hand, those who believe all programs should be included to reach a balanced budget.

OK. Those who believe that Social Security and the other programs now exempt should remain exempt in order to reach a balanced budget. Raise your hands.

All right. The third question, do you think reaching a balanced budget should be done by spending cuts alone, only spending cuts to reach a balanced budget? If you agree with that, raise your hand.

All right, the fourth question is, and this assumes we are going to continue to have a balanced budget: Do you think there should be a combination of spending cuts and tax increases to reach a balanced budget. Raise your hand.

OK. I know there are a lot of gaps in the questions. I wanted to get just a general feel for what you feel.

Do any of the panelists want to respond to any of this?

Mr. Smith, you had a question.

Mr. SMITH. I was going to ask a comment about digression of services. I can with confidence predict that there will be a fair digression of services right now because of a cutdown basically on the overtime. Overtime has never been a big item in SSA offices but if anyone here could visit a Social Security office and see how things

are geared toward huge intake, a claims representative may be interviewing people all day, all week.

Simply doing the interview does not get the work done. The one way that they can get the check to the person and get the person's problems resolved is to have the time to do it. There is a very—in most offices you will find that the significant adjudicative work is done on overtime, of necessity.

Chairman JONES. Mr. Ripple.

Mr. RIPPLE. Sir, while I agree with him that overtime is utilized very small, but again we cannot deny the figures. If we are talking about the Gramm-Rudman stretching through 1991—and the figures that we can get right now show that there would be an increase from the current time of 36 million to 40-plus million in the 1990 timeframe—it would only stand to reason that for them to handle the current load and for them to have to take the cuts under the Gramm-Rudman, they have got 4 million more to handle, then it would be inconceivable that they could do it.

Chairman JONES. Congressman Watkins.

Mr. WATKINS. I just have one quick question.

Have any of you looked at a backup plan, a standby plan? Chairman Jones and I and others are deeply concerned about probably the loss of field staff and the loss of offices. I mean, Chairman Jones has done yeoman's work in getting that halted in the past, but there are going to be a lot of additional pressures on reducing those.

I will not ask you to submit that right now, but I would like to ask you to prepare it and maybe have it available for the chairman at some time, because there will be some things coming down the line.

For instance, I would like to ask the question: If we are confronted with losing the Social Security offices again, and we assume that may be the case, I would like to see the hands of how many of you—if you lost your Social Security office in your county, and I am primarily thinking about the rural counties because I think some of the larger ones probably will have theirs—would you rather consolidate with a neighboring county into a Social Security office or maybe try to work out some agreement with the county office of the State Department of Human Services?

How many of you would rather have a consolidation with a neighboring county?

How many of you would rather have some kind of working agreement with the State Department of Human Services in that county?

Not too much opinion one way or the other.

Well, we might be thinking about that a little bit as we go along.

I want to thank Chairman Jones for letting me come by. I am going to have to leave out in just a few minutes but I want to listen to part of the next panel before I leave.

Chairman Jones.

Chairman JONES. Thank you very much, Congressman Watkins. I want to thank this panel. We will ask the next panel to come forward.

For those in the audience who perhaps have not been to a congressional hearing before, we ask people who represent groups of

people who are affected by the programs to submit or to actually work on testimony. They spend a great deal of time, and that is why we ask these formal panels to be heard first.

So I appreciate interested questions, some questions from many of you, but it is important to speak with the folks who have done so much work to prepare for this and allow them the opportunity to be heard.

Our next panel, and let me say before Congressman Watkins has to leave, I appreciate his participation in this particular hearing, and particularly all he has done on the Appropriations Committee for all of Oklahoma in really fighting for the people of this State. He has done a magnificent job and all of us owe him a great debt of thanks.

VOICE. Could I ask a few questions pertaining to income tax?

Chairman JONES. Yes.

VOICE. I do not know whether you have had any experience with it or not, but I do not think IRS ought to have anything to do with the death and burial and what little dollars and cents you have to put some food on your table. I have known them taking the last dime. I had people on starvation. We need to help them. I am not speaking for myself; I have always tried to lay up some. They are getting most of it. I do not think that that money should be taxed in any way. It was set up under Roosevelt, I was in on it.

Chairman JONES. All right.

VOICE. And I know that it was not intended to be taxed. The Government was supposed to pay its share and it never has. But L.B. Johnson, he stole everything and put it in another pension and spent it.

Chairman JONES. That is not quite accurate, but we appreciate your comments.

On this panel, we have Susan Byrd of Hospice of Central Oklahoma. We will introduce the other panelists as we go along. Susan Byrd will speak first.

STATEMENT OF SUSAN BYRD, EXECUTIVE DIRECTOR, HOSPICE OF CENTRAL OKLAHOMA

Ms. BYRD. Thank you, Mr. Chairman. As the executive director of Hospice of Central Oklahoma, the president of Home Health Care Association of Oklahoma and a future beneficiary of the Social Security system, I would like to express my concerns regarding the proposed reductions in staff and services of the Social Security Administration.

First of all, Hospice of Central Oklahoma is a nonprofit agency that provides in-home care to the terminally ill, and the focus of the course of that care is to help those families keep their dying loved ones at home throughout the dying process. Over 60 percent of our patients served are over 65 years of age; 50 percent of all of the family survivors are women. Because of the nature of hospice services, the majority of our patients and their surviving spouses are entitled to benefits under the Social Security benefit.

As a result of the dying experience, our families face months of crisis. One of the many problems faced by the survivors include their ongoing financial maintenance. Many require assistance from

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the hospice social workers in applying for Social Security benefits directly.

In fact, in 1985 the most frequent request for assistance by surviving family members was the Social Security application and followup process. Over 48 percent of the 600 families served last year by our agency voiced disenchantment and confusion in dealing with the Social Security Administration.

Hospice social workers and nurses responding to family requests have spent hours just trying to access the Social Security Administration by telephone. And that is consistent regardless of the day of the week; we have great trouble just accessing by telephone.

Chairman JONES. What percent of the people did you say you serve?

Ms. BYRD. Forty-eight percent of our families require—yes.

The application process for Social Security benefits takes months. Families become very apprehensive. They have already experienced a major loss, and he is usually the breadwinner. Agency staff must intervene by attempting to followup on the status of survivors' applications and by mobilizing community resources in order to provide temporary moneys for heating and food during the application process, because it is so lengthy.

There are very real problems Social Security beneficiaries in this State face every day. Health and social service providers face the challenge of sustaining these people until applications have been processed and benefits arrive.

A reduction in Social Security staff and services will only increase the pain and burden experienced by an already grief-stricken population who, among other things, need and have a right to expect financial solace.

Second, Hospice receives 70 percent of its funding through community contributions; 30 percent come from Medicare moneys, billed either through the Home Health Care or the Hospice benefits. When payment for services billed under these benefits are denied by the intermediary, who is Blue Cross and Blue Shield, the beneficiary or the agency providing the service has the right to appeal the intermediary's decision and request a hearing by the Social Security Administration. Under the existing Social Security system, the appeals process takes over 9 months for resolution of an appeal, and an additional 3 to 6 months for payment of the claim if the Social Security Administration has rendered a favorable appeal decision.

Currently, the economic climate of this State is greatly depressed. The citizenry of this community cannot totally support my agency or any other nonprofit agency. Therefore, the 30-percent funding secured through Medicare becomes a vital link in the agency's financial health. Since extensive delays in payment, that is 18 months, jeopardize our ability to provide care to the dying in the State today, any proposed Social Security Administration reductions in staff may render my agency and other agencies extinct in the future.

The aforementioned Medicare problem has devastating ramifications for the total population of this country. Many home health care providers are already phasing out services to Medicare recipients because of the payment delays. Longer delays in securing pay-

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ment for services through the appeals process of the Social Security Administration may result in the loss of services to a population most in need of home health care, the elderly.

Third, the entertainment of any future attempts to disinvest Social Security trust funds to finance the public debt should be carefully scrutinized. Proposed reconciliation legislation such as Gramm-Rudman already establishes spending cuts in program areas such as Medicare and the administration of the Social Security System.

These cuts adversely affect the fastest growing segment of the population, the elderly. The disinvestment of Social Security trust funds to finance the public debt will only further decrease the public confidence in a system that the majority of Americans have contributed to.

By 2015, myself and millions of other baby boomers will be eligible for the Social Security benefit. By 2015, I will have paid into that system for 50 years. If disinvestment of Social Security trust funds becomes the status quo, what benefits can I expect to receive? The intent and purpose of the Social Security Act must be protected. In doing so, Congress will protect benefits and beneficiaries today and in the future.

Thank you Mr. Chairman.

Chairman JONES. Thank you, Ms. Byrd.

Our next panelist is Adeline Yerkes, the director of chronic disease, home health care and eldercare, representing the Oklahoma State Department of Health.

STATEMENT OF ADELINE YERKES, DIRECTOR, CHRONIC DISEASE, HOME HEALTH CARE AND ELDERCARE

Ms. YERKES. Thank you Mr. Chairman. Thank you for this opportunity to speak in behalf of older persons of today, future older persons and recipients of Social Security benefits.

As a statewide director of elderly and home care services through the Oklahoma State Department of Health, we have a potential population of about 60,000 people to serve in 1 year through our Eldercare programs and our Home Health Care programs.

My experiences with the Social Security Administration are primarily in two different areas: Medicare, or Home Health Care, and health care benefits for recipients, and assisting clients to obtain Social Security benefits.

First, I would like to look at those aspects of quality delivery of services by the administration as it relates to health care benefits. Frequently, offices to assist the disabled or older persons seeking or obtaining benefits are not located in accessible areas.

Clients must travel great distances if they have transportation. Transportation is one of the major problems of our frail, at risk elderly in Oklahoma. For the disabled to obtain benefits, or to have a hearing by the administrative law judge, the turnaround time is now from 6 to 9 months.

Therefore, to decrease offices or staffing would only increase and create additional waiting time for services or resolution to obtain benefits. For the low-literacy person, the homebound disabled or older people in crisis, which takes in our 52,000 who are served by

our Eldercare programs, the completion of paperwork is often too complex.

These persons must seek others to assist in these services. They frequently turn to the regional Social Security offices or to our Eldercare managers. Thus, if offices and staffing are decreased again: a problem of inaccessible and ineffectual services.

Second, as far as Medicare and health care benefits are concerned and primarily the Home Health Care benefit, the terminology, rules and regulations for this system were written as an extension of hospital care which makes Home Health Care benefit an archaic benefit. The literature presented to the consumer by the Social Security Administration cites unlimited benefits through the omnibus reconciliation laws of 1980 and 1981. But in all actuality, HCFA, as the reimbursement source, allows limited visits, therefore, the recipient really receives lower benefits as numbers of reimbursable visits are less.

With people being discharged earlier and/or sicker, or sicker at home and not eligible for hospitalization, the beneficiary is only manipulated. Our agency's number of visits has remained stable and increased over the 20 years involved in this System. But within the past 2 years, numbers of reimbursable visits has decreased 20 percent. Therefore, the beneficiary must pay for a number of those services.

From these few areas cited, the deemphasis of available regional offices with adequate staffing is just one way to manipulate the older person, a way to devalue quality services. He or she must now pay for more health care benefits and with these proposals will receive lesser accessible and effective services.

The disinvestment of Social Security trust funds to help alleviate the national debt is just one more way to manipulate and devalue the present American older person and to limit a benefit to future older people.

As a manager and an administrator, there needs to be a mechanism for furthering this System of Social Security to be managed in a most cost-effective manner. Regional offices should not be cut as much as possible as the central office. The regional office provides the personal contact that beneficiaries need.

Thank you.

Chairman JONES. Thank you very much.

Our next panelist representing the Neighborhood Service Office/Eldercare Access Center of Oklahoma City, Ms. Cozy Armstrong, who is the director.

STATEMENT OF COZY ARMSTRONG, DIRECTOR, NEIGHBORHOOD SERVICE OFFICE/ELDERCARE ACCESS CENTER OF OKLAHOMA CITY

Ms. ARMSTRONG. Thank you, Mr. Chairman. I think we have all said basically the same thing. That is, the delivery of services by Social Security cannot withstand the reductions.

When you have a cut like this and you talk about a cut like this it only causes a landslide effect. It is not only the effect on the elderly who are trying to get the services that are deemed for them, but it is also the effect it has on the community.

When you look at that, you look at both the Department of Human Services, programs like hospice, programs like eldercare, who have to go in and pick up the problems that these people are having in an income-type manner.

When you are waiting 6 and 8 weeks, or even longer to get a Social Security check—although we say, Social Security was not meant to be the benefactor of all, in other words, you needed other pensions and things—what about the millions of people who do not have those pensions, who have worked on the farm or have worked in other areas?

The gentlemen that we have on our program now, retirement was implemented into their agency when they retired, so they have no benefits coming to them. Social Security is the only source of income that they have to live on, on a day-to-day basis.

If you look at the statistics, 85 percent of the elderly have at least one chronic health problem, that means they are in need of health care. They are in need of seeing a doctor. They are in need of medications. They are in need of other types of care. Well, if you are waiting to get a Social Security check, you still need your medication. You have still got to pay the rent and whatever else.

So, to cut the Social Security Administration is cutting everybody's throat. It is not just cutting the elderly and those people in need. It is cutting community agencies that have to serve them.

In the times of Oklahoma right now, the money is tight. It is real tight and we are all doing what we can to provide the best service that we can, but at the same time we need the Social Security Administration. We need their help. Their staff now, it takes 30 to 35 minutes to get a call through. It is frustrating. But you know that they are frustrated on the other end also, that they cannot meet the demands that are being placed on them.

I think also in discussing the possibility of Social Security being an independent agency, that many times we use the words "social security" because they raise the attention of the public.

Say "social security" and all of us are going to stand up and pay attention—the baby boomers, the older people, the disabled, everybody's going to listen—because it affects their pocketbook, it affects their lifestyle or future lifestyles.

I think that many times Congress and people in the legislature use Social Security to attach it to a bill to make it raise the attention, makes people stand up and pay attention.

They do not know what the rest of the bill is about and they could care less, as long as their Social Security is not affected. So, you could pass a lot of bills by just slapping Social Security up there and everybody goes: "Don't cut Social Security."

So I think that it would have its advantages of being an independent agency from the standpoint that you could not use it as a scapegoat to get other bills through, have it where it has its own accountability, it has its own administration and its own figures for income and those type of things.

I would just like, instead of taking more time, to go with Susan Byrd's statement on the disinvestment.

Thank you.

Chairman JONES. Thank you very much.

[The prepared statement follows:]

STATEMENT OF COZY ARMSTRONG, ELDERCARE ACCESS CENTER

The delivery and quality of services offered by the Social Security Administration cannot withstand anymore reductions. The constant whittling away has already resulted in delays of receiving benefits. Continued cuts will only cause a landslide effect for the person entitled to those benefits and the community. The elderly will be waiting weeks or months to receive their benefits. During that waiting period, many elderly are without any other source of income. This places an added burden on the elderly as well as the service providers in the community. If an elderly person does not have an established income, he/she is ineligible to receive some services. This delay in receiving benefits puts the responsibility on many non-profit and other agencies to pick up the cost of services. The growing elderly population and the reduction of monies to many programs is causing severe problems in service delivery.

The reduction in the Social Security Administration will only add to the many problems faced by the elderly and the community.

The words Social Security will always raise the attention level of the public. It has a significant level of interest among the elderly. When social security is used as an attachment to other bills and issues, the main focus is lost. The main and only issue seen is the fact that social security is or might be affected. This happens whether or not social security is part of the issue or not.

If the Social Security Administration was an independent agency, it would have its own administration and accountability. It would not be clouded with so many other issues. The best interest of those deserving benefits would be addressed.

Chairman JONES. Our final witness on this panel, representing the Visiting Nurse Association, is Ella Kay Slagle, the executive director.

STATEMENT OF ELLA KAY SLAGLE, EXECUTIVE DIRECTOR, VISITING NURSE ASSOCIATION, INC.

Ms. SLAGLE. Thank you, Mr. Chairman. This is a hard group to follow, because they have--you know, I wrote a speech and I think every one of them has already said it. So I am just going to speak from a few other things.

Like Susan, I run a voluntary nonprofit home health care agency with 80 percent of our clientele being in the elderly range. In the last year, we have seen a group of 27 percent of our clients or patients whose needs have exceeded their benefits.

Now, being a community agency, we serve by need not by how we are reimbursed, and that is just wonderful. But if this need, the needs exceeding the benefits, continues to grow—like Susan said, and Cozy, who is also a nonprofit agency, or the health department—we are all going to be in a world of hurt.

Because if they do not have to be dealing with a nonprofit agency, if they are dealing with another agency, when the money runs out, the service runs out, and I do not think that speaks to very good service.

It is very difficult for us and for our clients when we have a denial of claims benefit to go through the Social Security Administration system, as Susan said, to get to the administrative law judge. It took us over 6 months to get there.

We got there 3 months ago and we still have received no determination as to where we are on those three cases. It may not be a lot of money. Some of it may be a matter of pride that we think the people deserved the care, and maybe HCFA did not think they deserved the care.

I feel that the disinvestment of funds anywhere else but being kept in the trust for people is wrong. Like Cozy, I think maybe our senior citizens have been used as a ploy. I would like to see an in-

dependent agency, especially to see some consistent management and policies.

We change what we are doing so many times in 1 month- or 2-month time on what is required from us just to get benefits for our clients through that. We are in a total state of confusion most of the time. If it happens to us as professionals that are trying to deal with it and help the senior citizen, what must it be doing to them?

I thank you for your interest and for having this hearing and I thank you for letting me be a part of it.

[The prepared statement follows:]

STATEMENT OF ELLA KAY SLACLE, EXECUTIVE DIRECTOR, VISITING NURSE ASSOCIATION, INC.

In the last two years medical care under Social Security for the medicare eligible recipient has been severely cut. Hospital time has been limited and homecare benefits have not been changed to meet the needs of the patient. Although homecare benefits are published as unlimited visits, internal rules and regulations of reimbursement make this impossible. The "provider agency" of care has been equally restricted with lack of Social Security personnel in reviewing offices and claims not being reviewed for six months or more. If a "provider agency" of patient appeals a claim denial, it may take over six months to obtain a hearing with an Administrative Law Judge. Quality suffers when the patient is denied needed services and the "provider agency" can not see through the mound of paper work and delays in the review process.

With the proposed cut of 17,000 Social Security administrative employees and the possibility of closure of some field offices, another major barrier is proposed. The recipient who already faces delays, cuts in service and benefits not available, will also, then, have great difficulty accessing the system. It is already a major hurdle for the person age 60-65 with medical problems to obtain benefits. Now we will see the 65 and up denied services because of inadequate personnel to handle the number of applications. It is impossible to receive quality services when you can not even become a part of the system.

For the "service provider" of benefits, the web will also become thicker with delays in approval of services and some services, urgently needed, will be unable to be provided. A system will exist when you can't enter and if you should, you will be even more unsure of the benefits to be received. A cut in Social Security personnel would severely damage an already damaged system.

If Social Security is to continue to provide for our older Americans, the Trust must be protected. An independent agency with consistency of management and policy position would be a step in correcting a system "out of control". For too long our elderly and the Social Security system have been used as a political ploy in passing other legislation which had no benefit to the Social Security recipient. The dollars are limited, the population growing and the services must be preserved.

Chairman JONES. I want to thank all four of you panelists for very, very good testimony.

I will point out about changing policies and the constant change in management. When I took over the chairmanship of the Social Security Subcommittee beginning in 1985, I had not realized the lack of continuity. The fact that there have been 9 administrators in 12 years is something that came as a shock to me, also, because there had been stability in Social Security up until about the mid-1970's.

Let me ask a question. I think Cozy Armstrong brought it up that you had to wait 30 or 35 minutes to get a call through to the office. Are you referring to the Oklahoma City office or are you referring to offices in——

Ms. ARMSTRONG. Downtown office here, Oklahoma City office.

Chairman JONES. This is something that had not come to our attention. I have been in the field offices in Shawnee and Poteau and

Okmulgee and Ardmore and Ada, various places like that, and I did not detect while I was there a lineup of people waiting or the phones being on "hold."

I did find someone—I believe it was at the Shawnee office—who said they come to Shawnee when they live in Oklahoma City because it is better service, and that could be.

I have not been to the Oklahoma City office yet, and that is one of the places I want to go to see if they are understaffed and that is the reason—or if there are other reasons.

Ms. ARMSTRONG. We feel it is understaffed. Basically, once we get through and we get ahold of a worker and we are ready to roll, things go very smoothly and to the best of their ability on a good timetable.

I feel the causes are just probably more than what they can manage in any one given day, and they get frustrated. We all think we are real important people and so we do not have that 30 or 35 minutes to give holding onto the telephone.

So you become frustrated with them, and then you become frustrated with the system. Then, when you call you are not very nice and they have already had a bad day so they are not very nice. So it seems to just kind of go in a landslide.

I very strongly feel it is a lack of personnel, that they do not have enough staff.

Chairman JONES. You do have a way of crystallizing things quite well.

Ms. YERKES. I would like to respond to some of the regional offices. We have received some word that at various times of the month, and I am sure it has to do with the first of the month that there is some waiting time for telephone calls into some of the rural regional offices, and sometimes some waiting period. But I believe it is mostly at the first of the month, as far as time and commitment by the workers.

Chairman JONES. Somebody mentioned earlier that perhaps there could be some sort of volunteer operation to handle some of the routine things. I know we have an RSVP. We have various kinds of volunteer programs among senior citizens. Is that something that you think could work—say in the first 10 days of the month, to remove pressure from the caseload?

Ms. YERKES. As a person who is involved in setting up volunteer workers through the eldercare programs throughout our State, I think this is a viable means. I think there would need to be time for training these people so that what information they give is accurate.

They can triage those questions that they cannot answer. Those simple things that they could help with as filling out their various benefit forms. I know through the various retired senior citizen groups such as AARP, they frequently put on training workshops in conjunction with the administration to further help their elderly peers.

I think it could be a mechanism. They could at least establish some kind of clearinghouse, if not be there present in the offices, that there might be another phone number or something that people could send part of their calls through to facilitate that first of the month crunch.

Chairman JONES. Ms. Armstrong?

Ms. ARMSTRONG. I think also part of your down time is for the elderly when they go to make the application for Social Security, they find out what they do not have—they have the discrepancy in their work earnings or maybe their spouse has died and they do not have, you know, the marriage certificate, and so they end up making five or six trips.

I think that if you had some type of information thing where you had volunteers answering the phone and could field some of these questions, they could save a lot of redundant trips by saying you need to bring this, this, this, and make sure you have it, because they do not know what all to be taking with them a lot of times. So they end up making several trips down there which makes the process that much longer.

Ms. SLAGLE. That is information that they give out if you will call and make an appointment to go down. They will tell you everything to bring. I have had to accommodate more than one of our patients. They will give you a list of things to bring, but sometimes if you just go down and do not know that you should call and get an appointment, then you have those repeated trips.

Chairman JONES. I also serve on the Health Subcommittee—and while that is not the subject of this hearing—the effort to cut customer's in-hospital costs that goes against the Medicare trust fund, a system was started called prospective payments, so hospitals have to become more efficient and there is greater pressure to cut down the cost for our hospital care.

We have been receiving some information—I would not say it is a strong data base—but it is at least anecdotal around the country, that people have been discharged with severe medical problems, have been discharged out of hospitals prematurely and that there is no place for them to go to get necessary care.

Has this been happening in Oklahoma, to your knowledge? Are there any support groups to handle this? Anybody want to comment?

Ms. SLAGLE. I think that is where the home health care benefits should take up or must go in. But I believe, as Adeline said earlier, our benefits were written as an addendum to long-term hospital stay.

Therefore, when we have limited hospital stay and we are sending the patient home in the more acute condition, the home care benefits are not taking up and meeting the need of the patient.

Right now we can probably see a patient in home health care for 40 to 60 days on an intermittent basis without having Blue Cross/Blue Shield of Tulsa say, you know, we have overexceeded our benefits. But that is the maximum and even that takes a massive amount of documentation.

The patients that come out and want a daily dressing change, better not have that for more than 2 weeks, because after that that is not considered intermittent care.

So there are a lot of rules and regulations written for home health care that are not known by the recipients of Social Security or Medicare. When they leave the hospital they think many things are going to be provided for them and they cannot be, because the agencies are restricted on how they are reimbursed, or they are

like the three or four agencies here, we will go ahead and see them and provide the service for them. They are eating our lunch on costs.

Chairman JONES. On home health care, I participated in some hearings a few years ago. I started out with a bias that says it is good public policy. In our hearings, we found in the State of California a great ripoff of the system where they were charging a number of things and everybody in that particular home health care private delivery organization had Mercedes, and they were being charged to Medicare.

Given the possibility for fraud in any program this large, do you think home health care should be deemphasized more, or less? Just give me your thoughts on what we ought to be doing about home health care in terms of paying for it out of Medicare.

Ms. BYRD. My goodness, that is a lot of questions.

Chairman JONES. I know.

Ms. BYRD. First of all, I might state that the incidence of fraud and abuse, and I probably should say something about prosecutable fraud abuse in home health care constitutes less that 2 percent. There is no other health or social care industry in the country that can say that, that less than 2-percent incidence of fraud and abuse within an industry.

In a time when institutional care is no longer cost-effective nor is it socially acceptable, home health care or some other type of in-home service seems to be the preference, both from an economic standpoint and certainly a social standpoint.

In order to make that a viable service, there are going to have to be some changes made within that system. As Ella Kay pointed out, one of the biggest problems we have, people—particularly the frail and elderly—are coming out of the hospital very ill. We are talking about requiring services that may for a couple of days constitute 24-hour care.

Where do they get that? The home health care benefit is not designed to provide that kind or scope of service. The only avenue available to them is institutional placement. Well, the double-pronged sword there is that if this individual is a typical Medicare recipient, he or she will only be able to finance long-term institutional placement through Medicaid, through the application process. And if you have checked the statistics on discharges from institutions once an elderly individual is placed in a nursing home, that is a bit disheartening.

Chairman JONES. Let me ask you another question, since you deal in hospice care and criticize the administration of the program right now. That is relatively new to be included at the Federal level, and as you know the legislative battles we all went through to have any inclusion of hospice care.

What ideas would you give us to improve the treatment of hospice care under Medicare?

Ms. BYRD. There are a number of current Federal regulations that are bureaucratic, red tapish, do not necessarily have anything to do with the administration of good patient care within hospice.

The paperwork, billing—I do not know how much you know about hospices, but typically in this country, hospices are run 50 percent or more by total volunteers. We are not talking profession-

al nurses, such as myself, or social workers. We are talking a lot of John and Jane Q. Publics who come in and devote their time to sit with the dying, administer their medications or help feed them or turn them, to help these families keep people at home.

It becomes a real problem when just to be able to fund your agency requires hours and volumes or paperwork. There is more paperwork under the hospice benefit than there is the home health care benefit. Then if you have provided inpatient care, and what that means is the hospice is 100 percent responsible for all the debts incurred by the patient seeking any kind of therapeutic care.

All right. We pay for their drugs, their nursing visits. Should they need inpatient care, they would be placed in an inpatient unit for which the charge is $350-plus a day and the hospice pays that.

The Hospice Medicare benefit—by virtue one more time of HCFA and somebody up there who makes decisions about dying people—comes along and decides whether or not they will pay those visits and they decide whether or not that family needed true respite care.

I find that kind of hard to believe, since they were not there and by the time they investigate the cases, it is 6 months later and the patient is dead. There are just a lot of problems in that particular benefit, to say nothing of the reimbursement rate.

I know that we have a proposal right now before the legislature to increase the benefit, the pertinent rate by $10. But even $10 is not enough, considering the cost of drugs has gone up, the cost of supplies have gone up.

Chairman JONES. Anybody else have anything to comment on the panel?

You have been very, very helpful. I thank you, each of you for your presentation and for your answers.

We do have a few minutes left. Let me, as I promised, we will go to the audience. We will start with these people. We will go right across the audience and I would like to ask you to keep your comments fairly short so as to give as many people as possible the chance to talk in the time we have left.

STATEMENT BY I.C. NANCE

Mr. NANCE. Honorable Chairman, my name is I.C. "Claud" Nance, and I think I have some unique things to present in testimony.

I spent a number of years representing Social Security workers downtown. I know their problems and, in rebuttal, I would like to say that you cannot blame those people. The people you blame are in Washington because we have got an orgy of mismanagement of the Federal Government coming out of Washington, DC.

Now, you go down to this civil service, you will find those people swamped. They are all good people. They are civil service. There are a few scabs among them but they are still good people and they do the best job they can. But let me tell you something.

The Social Security Administration has what I consider to be an unholy contract with the Oklahoma Department of Human Services. They have for a number of years contracted out. I am talking about the Social Security. They have contracted out their responsi-

bility to the Oklahoma Department of Human Services, and I have handled a number of cases for clients under that situation.

And talk about getting in down there, you go out here and try to get in. They act like it is a prison or something. You never can get in. They act like they are hiding something. And I think they are.

Well, I am president of a chapter of AARP here in Oklahoma City. I am president of an NARFE chapter in Canadian, OK. I am the legislative liaison for all the letter carriers in Oklahoma and I know a lot about the Federal Government. I have been in it 58 years.

Therefore I say that what you, the Congressmen, Wes and you and the rest, ought to do; do not add any more items to Social Security. It is already overloaded and it cannot pay for itself as long as you have all of these items added to. They are welfare items.

Now, Flora Wagner mentioned about a dozen, I think—I tried to count them—and she is exactly right about that. Social Security cannot bear all that. Another thing, do not allow the Social Security Administration to cut off all of these agencies here, the 14 agencies.

Because you know what they will do. They will turn it right over to the Oklahoma Department of Human Services and let them handle it. And the Oklahoma Department of Human Services has got so many incompetent people in there, there are a lot of them I would not let even mow my lawn. Thank you.

Chairman JONES. Thank you, Mr. Nance.

This gentleman right here had his hand up in the third row.

STATEMENT OF MR. STINSON

Mr. STINSON. Mr. Chairman, my name is Stinson. I am 81 years old and a long time member of the State, both coming and going. I recently had an experience I think the people here would like to hear me explain. No. 1, on December 4——

Chairman JONES. Please ask him to come closer because we cannot hear him.

Mr. STINSON. Thank you. On December 4, I became ill and the doctor insisted on me going to the hospital. In fact, it took 2 hours to convince me that I go to a hospital instead of giving me a prescription.

It so developed that I had pneumonia and also a heart attack. That is, my heart failure was there. I spent 7 days in the hospital. I got the bills back and the hospital bill was $3,541.20, the doctor bill was $400 plus. I do have Social Security. I do have Medicare. I do have Blue Cross and Blue Shield.

I wonder if we cannot spend some time, Congressmen, trying to get somebody to investigate the things that are going on at the hospitals and the doctors, find out if they are not getting a little bit too much money for their services here in this day and time.

I can pay because of the condition I am in. But I know there are thousands and maybe millions of people in this country that cannot do it. So I wonder if we are not working the wrong end of this thing, if we could establish some kind of investigative committee who would go to these different States. You would only have to go to the hospital and find out what they charge for their service.

That was one suggestion. Also, it was my understanding when Social Security started, when first went in it, that it was for elderly people. I do not know. I would like to know if Congressmen have not put amendments to that to include a lot of people—children and other things.

My thinking on that is that elderly people do not have a chance to make the money over again. Young people do. If they make a mistake they can go out, get a job and make it over. Elderly people, even if they have a saving, they are fenced in with the knowledge that someday they will have to use it. That does make a difference.

Another thing is that I have a younger brother that was a doctor in this town, a very good one. I happen to know personally that he and his wife both were drawing Social Security and they had no justification whatsoever for that money

They would make Christmas presents to their grandchildren of $200 apiece and things of that kind which make it—You wonder if we do not need some investigation of who gets Social Security and why. Because if they get something less than $25,000, I think that would be a good thing, but even that is a lot of money in this day and time. I think if they could set it at $10,000 then we might have some of these bills paid a lot easier.

Chairman JONES. Thank you for your comments. Let me just mention just two or three things on what Social Security does pay for.

The Social Security trust fund goes by OASDI, and basically there are only the retirement benefits, the survivors benefits—the survivors include the spouse, the surviving spouse and children up to age 16 now. Because those are minor children they cannot make it on their own—then disability—if you become disabled and cannot work—and then the final is a portion of health care, a portion of Medicare.

That is all the Social Security trust fund pays for. In order to become eligible for that, a person who draws benefits has to pay into the system for a certain period of time, such as 10 years for retirement.

Now, it is not exactly an insurance program, but it has the qualities of an insurance program in that you cannot receive benefits under Social Security unless you have paid into the system a certain amount of time, same as you cannot receive benefits on an insurance contract unless you have paid in a certain number of the premiums.

I am talking about what the law is now, as it has evolved. Initially, in Social Security you had to pay into the system. It is a transfer of payment from working generation to the retired generation and that is the way it was started and it still has those characteristics. The point is that there is always the argument: You do not want to make Social Security a welfare program.

What was done—in an attempt to deal with the doctor kind of case that you mentioned—is to tax benefits, half the benefits for people making over $25,000 if they are single or $32,000 if it is a joint tax return. So, I just wanted to address those questions since you had raised them and I wanted to kind of clarify that.

The gentleman here had his hand up.

STATEMENT OF MR. ROOS

Mr. Roos. Not that it makes any difference, my name is Roos. You have been talking about a lot of people having to wait down at Social Security offices. That is true. They do wait.

The gentleman over there said that the employees are great. They are good employees down there. I do not question that at all. But I would like to make a suggestion—perhaps this is not the right place for it—but to speed that waiting period up without costing any more money.

Take a few—how many people they say they have, 40 some people down there? Forty or fifty? Take, say 10 of them and put them out in the lobby, more or less, as a screening area. Let them answer some of the routine questions, like I did not get my check, when will it be coming to me, or something to that effect.

Those people could answer those questions and get people out of there. It would allow the remaining 40 people, clerks to handle the more complex questions, and they could do a better job, their workload would not really be increased any.

Chairman JONES. Thank you.

Mr. Roos. Then another thing, we talk about the treasurer appropriating—stealing as I believe the word was used—Social Security money.

I had to be bonded to take care of my mother's estate. I was appointed guardian, legally appointed guardian and conservator. I had to go under a $40,000 bond and she had something like $10,000 a year coming in from interest and Social Security. But I am under $40,000 bond. How about bonding those people that have got access to that treasury—to that money? Treasurer of the United States, I do not care who he is, Democrat or Republican or Independent. Put him under a bond like I had to be.

Chairman JONES. Good suggestion.

I pointed out that if someone operating a private pension program had operated in the same way the Secretary of the Treasury did, there would not only be civil remedies, there might be criminal actions, as well.

All right. We are going to move toward the back of the room. On this side first, this gentleman back there.

STATEMENT OF ROBERT BURNS, OKLAHOMA CITY

Mr. BURNS. I am Robert Burns, Oklahoma City citizen. What we have been discussing is we do not have the funds. But we have not discussed why we do not have the funds, what caused this. I think that is the big problem. We would not even have to have this committee and I will tell you what the story is, Congressman.

Gramm-Rudman of course puts the limit on the amount of money each agency, so on, has to cut, spend and all that. But first of all, there are two things that we could have implemented in Congress that would eliminate Gramm-Rudman. I have got an article in the paper there from one agency in the Government last year that forgave $8.5 billion in loans to these foreign countries for arms to govern foreign countries. Congress forgave, plus they gave Egypt another $5 billion in cash to pay off some debts.

Plus, if you look at all the giveaway, they are not people that deserve it like retirees, Social Security and all that, they deserve the money. But they give away money. Knock away them, you will knock a hundred billion right off the budget, if you stopped all giveaway.

No. 2, equalize taxation in this country. There are millionaires and billionaires that do not pay any tax. The Grace Commission for the President that recommended retiree military pay be cut and all this, why, they did not pay a penny of taxes and I believe they got a refund from the Government of $160 million, something like that they got back. Did not pay any taxes.

What they ought to do is this: Everybody should have to pay 10 percent across the board. No tax raise, just a flat 10 percent. Now, you could lower it down a little bit like say if you are only making, say, $15,000 and you have 10 dependents, well, you would not pay any. If you are making $15,000 you may have six dependents, you may pay so much. But the maximum should be 10 percent for everybody. No deductions. That way everybody pays their fair share and it would really increase the Treasury.

No. 3. Social Security came out about 1935 during the depression. All Social Security did was replace old age pension and all the other assistance programs that the county, the State and the Federal Government gave out. So actually the Government says it is mandatory that you pay Social Security taxes whether you like it or not. OK.

So the people pay in, plus they are being taxed again, personal income tax. What I am getting at is, all these programs and Social Security are supposed to have been first just old age. OK. So there are others, there are the disabled, they are all good. What I am saying is this:

If the people did not pay any taxes for that, the Government would still have to give them this service and the Government would have to pay for it out of the general fund. Therefore there should not be any cutoff of Social Security whatsoever. If Social Security goes down, the general fund should pay because they are saving all this money through these assistance programs.

Chairman JONES. Thank you very much.

Mr. BURNS. There is one item I think is very important. There are aliens, aliens that are drawing Social Security benefits that came to this country, thousands of them, they came here, they got a Social Security card for nonwork. They are not supposed to work.

They work and now they are getting benefits whether they are overseas or in this country. By the year they say, 1986, Social Security will be giving $3 billion a year to these people plus, what I say, the jobs of Americans. Thank you.

Chairman JONES. This gentleman right here.

STATEMENT OF IRA D. HALL

Mr. HALL. I am Ira D. Hall, who has entered his fifth generation and I would like to make about three comments.

No. 1. Congressmen Jones and Wes Watkins and others are the modern Moseses. We know a little about Moses and trying to deliver the people. Well, those people he delivered are not near in dis-

tress and facing impossible situations as the people are today. So I would like for all of us in a silent way to save time, give glory and honor and respect for these modern Moseses, So, Moseses: Keep on doing what you are doing.

No. 2. I do not believe that we the American citizens, or who should be citizens, are capable with statistical information and with all the research and surveys and other things to allow us to be competent to deal with such treachery, to deal with the complications of coldbloodedness, to deal with the industry that is failing and all the people that are starving and losing their jobs. And when you read an article by some of these statisticians who already have their speeches made for them, who are told what to do by the administration, they look on the other side and try to blind our minds, try to blind our experiences and try to chill us to the point of silence when you read such a statement like this:

So many million people have gotten jobs in the last 5 years, never stating the many, many, many times that many who lost their jobs. I can name one family where only one breadwinner in this town is working, the mother lost her job, the son-in-law lost his job, both daughters lost their jobs--and all of them have children, they have dependents, they have obligations and they cannot sleep at night.

My third point is this: I am like many of the others who never get a chance to talk, who never get a chance to be heard. So I go back to point one, we must depend upon our Moseses because the technicalities and the coldbloodedness and the imposition of justice and fair play, and the technicalities of such nature, we do not have a chance to understand. And this last example before I take my seat.

When these people come—and when I say these people I am talking about the hired people, or the statisticians or the speechmakers in this administration—when they come before us, you never know about the thousands of people, you never know about the Mafia control and the guerrillaism and the terrorism that have reached our National Government at this point.

So you do not have a chance unless you are Congressman Jones or somebody who understand who are his people to bring you up to date. So, I say we do not have a chance to know what is going on, except to prepare for starvation. So I say again, let us give our Moseses, these people in front, the chairs to speak for us.

Chairman JONES. Thank you.

This gentleman, and if you could keep your comments short. Regretably we have to close the hearing in just a few minutes.

STATEMENT OF HARVEY JOE CRAIG, OKLAHOMA CITY

Mr. CRAIG. Congressman Jones, I would like to run through this as fast as possible. This gentleman mentioned here that Social Security was for elderly people. You are looking at a man that is only 54 years of age, I have paid in 38 years. I am ill. I fall flat on my face, I have doctor's documents, everything I need to prove this.

I have a letter at the house from Social Security Administration which plainly states that: "You can walk to work some days, the other times you can crawl; therefore, you still have to work."

I have been without pay 9 months. In the year of 1984, I blacked out driving my automobile and hit a car broadside. I have what is called systemic lupus. You have approximately 10 years to live. I have 5 five of that left.

I have to hire a lawyer at a cost of $1,000, I have to hire my doctor at a cost of $500, and go to court and fight this. When I win, I lose the first $1,500. They tell me there is no doubt that I can win. Why should Social Security not have the obligation to pay my lawyer and my doctor's fees when I enter the courtroom?

Chairman JONES. Let me ask, do you live here in Oklahoma City?

Mr. CRAIG. Yes, sir.

Chairman JONES. I was going to suggest to you that—have you talked to either your Congressman or, say, Senator Boren on this or not?

Mr. CRAIG. Yes, sir; I have. I am a forced retiree from civil service. They will not allow me to come back to work. I have talked to the Senators. At the present time, Representative Dave McCurdy is handling it partially. But I have been without pay for 9 months.

Chairman JONES. This is one of the areas that we are looking into—on whether or not the administration, when you win a case, should pay your lawyer's fees for fighting that.

Let me just suggest on your particular case, I would like it if you would give your name to Patti Briggs, who is here in the back. I would like to talk to Dave McCurdy and see—if we could get your name and address down.

Mr. CRAIG. I am Harvey Joe Craig. I live at 3700 Keith Court in Oklahoma City.

Chairman JONES. We will take three more quick ones and we promised that we would be out of here. In order to show no favorites, I will recognize this gentleman and then the lady there and this lady here. We have not heard from any ladies.

STATEMENT OF L.C. CARLTON

Mr. CARLTON. I would just like to ask a question. This may be off the cuff, I hope it is not. I am L.C. Carlton. If this Gramm-Rudman that we are talking about is anything like the Kemp-Roth bill that our dearly beloved Chief Executive of the United States cut taxes on, every one of us is up the creek without a paddle. I thank you, sir.

Chairman JONES. Thank you sir.

VOICE. It is unconstitutional to start with.

Chairman JONES. Yes ma'am.

STATEMENT OF CORA BARTLEY, EDMOND, OK

Ms. BARTLEY. Thank you. I just have a quick question. First, I want to identify myself. I am Cora Bartley, I live in Edmond, OK. I have paid into Social Security for 41 consecutive years, most of that time at the maximum level. Because I was born in 1919, I have to sacrifice 25 percent.

I feel that there should be something done about that because there are people who have paid in only the required number of quarters, born in another year, allowed to draw full benefits. The

fact that I was born in 1919, penalized 25 percent, I do not feel is fair.

Chairman JONES. Let me say that what she is referring to has been referred to as a "notch" problem. There has been a lot of misinformation on it.

Basically, in 1972, when automatic cost-of-living adjustments were put into place for the first time—and this was before I was in Congress—the Congress and the President at that time made a mistake. They overindexed not only those in retirement but those, the wages of those.

By 1977, that mistake had come to the front and it was pointed out that unless that mistake was corrected, it would have bankrupted the Social Security system. Traditionally, Social Security is designed to replace your earnings—about 40 percent to 45 percent of what you were earning is to be replaced in retirement by Social Security. The indexing formula that was put into effect in 1972 would have had the effect in a few years of replacing those earnings so that people in retirement would draw more under Social Security than they were making in their earning years.

Well, obviously, it does not take any math genius to realize that that would have bankrupted the system, for sure. So, in 1977 that problem was corrected. In the process of that, the people who were eligible for retirement during that 5-year timeframe had to have their retirement earnings adjusted.

The retirement earnings you get—those people born in those notch years—is not less than it would have been had the law not been mistakenly changed. It is frankly a little bit more. It is less—you are accurate—than what you would have gotten had the technical error not been corrected. And so that is the problem we are dealing with.

The major obstacle to letting you have the full benefits is in those 5 years, retirees would be drawing substantially more than those after their time and before their time. If you make everybody else the same, then the question is how do you pay for it? The only way you pay for it is to substantially increase taxes and the working population feels it is already taxed at the maximum level.

It is a problem. It has been brought to our attention and we are trying to find if there is a fairer way to deal with it.

We will let these two ladies be the last two speakers.

STATEMENT OF MS. HALL

Ms. HALL. Thank you, Congressman Jones. I, too, would like to commend you for this hearing. I came here with some specific questions but it would take too long to answer them. So what I will ask is—I have just got this one sheet which I have filled with notes. How may I get copies of everything that was passed out before I got here, and how may I get copies of the summaries of the statements that have been made today?

Chairman JONES. Let me try to answer that. We have people both from my personal staff and the young lady you are handing the microphone to is Carol Currie from the Social Security Subcommittee staff in Washington.

Behind me is Paul Steitz of the Social Security Subcommittee staff in Washington. In the back of the room is the young lady Patti Briggs from my personal staff in Tulsa. These people will be here after I leave for my next appointment.

If you have comments you would like to make and you would be willing to put them in writing to me, you could either give them to any of these people, or you can write to me: Congressman James R. Jones, U.S. House of Representatives, Washington, DC, and it will get to me. Just ask that your comments be included as part of this hearing. We will include it as part of the hearing record.

If you have questions or anything of that nature, or you would like to have a summary of these hearings, or the prepared testimony—if you would like to have a copy of that, either give that information to one of the staff people or write to me, and we will furnish that as soon as it is available.

So, this will be the last person to comment. I want to say that I wish the time were available so everybody could comment, and we could answer all the questions. But in advance, I want to thank all of you for the very courteous way you have attended this hearing and the very helpful comments I have heard.

Now, yes ma'am.

STATEMENT OF EILENE YOUNGHEIN

Ms. YOUNGHEIN. I am Eilene Younghein and I just came from the emergency room of Children's where a young man, 22 years old, has cystic fibrosis, which is a fatal disease. We have tried to get him Social Security benefits and he has been turned down three times. His life expectancy is maybe another year, so I do not understand their standards and their reason for doing this. He has no family or anything and it is a very serious situation.

Chairman JONES. Let me say, I cannot answer that in the abstract. What we do in my office—and I would just suggest that whoever is the Congressman in the district in which you live in this area, it might be Mickey Edwards, it might be Dave McCurdy or Glenn English.

Ms. YOUNGHEIN. It is Mickey Edwards.

Chairman JONES. OK. I would suggest that you or the family of that young man go down to that office. What we try to do in our office is we do not tell Social Security or anyone else what decision they have to make, or any agency. But what I do is demand two things of them:

One is that they make a decision and make it expeditiously. And, two, that they justify that decision so that the family or the person involved will have something in writing which explains the reason. Often, that makes the agency look at their hold card quite carefully and give the right kind of decision. I would just suggest that you take that case down to your Congressman and ask his staff to look into that, because they may not be making the decision on a justifiable basis; but without knowing the details I could not comment further.

Again, I thank all of you for being here. This hearing will now be adjourned. If you have any comments, feel free to write to me. Thank you.

[Whereupon, at 1 p.m., the hearing was adjourned.]
[Submissions for the record follow:]

DEPARTMENT OF HEALTH & HUMAN SERVICES

Office of the Secretary

Washington, D.C. 20201

January 23, 1986

The Honorable Dan Rostenkowski
Chairman
Committee on Ways and Means
House of Representatives
Washington, D.C. 20515

Dear Mr. Chairman:

Thank you for your letter of January 17, 1986, inviting Secretary Bowen to testify in Oklahoma next Monday. The Secretary has asked me to respond on his behalf.

Secretary Bowen regrets that due to the demands of the transition, neither he nor the Acting Commissioner, is available to testify on that date. Under normal circumstances, he would attempt to send some other representative. However, given the extremely broad scope of the hearing, this alternative is not a possibility.

Again, Secretary Bowen regrets that he will not be able to attend the hearing, and looks forward to working with both you and Mr. Jones in the future.

Sincerely,

Larry DeNardis

Lawrence J. DeNardis
Acting Assistant Secretary
for Legislation

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Telephone (405) 424-4243

Urban League of Greater Oklahoma City, Inc.

Urban League Community Center
3017 North Eastern Avenue
Oklahoma City, Oklahoma 73111

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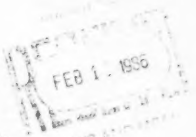

TO: Joseph K. Dowley, Chief Counsel
Committee on Ways and Means
U.S. House of Representatives
Room 1102 Langworth House Office Bldg.
Washington, D.C. 20515

FROM: The Urban League of Greater Oklahoma City Inc.
Leonard D. Benton, President CEO
3017 N. Martin Luther King Avenue
Oklahoma City, Oklahoma 73111

DATE: February 5, 1986

RE: Social Security Proposed Changes

The Urban League is a community service organization that has been in operation for forty years. The mission of the Urban League is to secure equal opportunity for blacks, other minorities and low-moderate income people.

The Urban League works to fulfill its mission through programs in the areas of research, community planning, delivery of social services, promotion of race relations, and advocacy. During 1985, 5000 persons were directly served by the Urban League.

In the area of elderly services, the Urban League administers a Black Elderly Outreach Program. The program is directed to identifying and linking elderly black persons with existing services. During 1985, 540 elderly persons were provided services in the areas of transporation, legal counseling, home health care, home repairs, meals-on-wheels and any other problems a senior citizen may have.

For many of the nation's elderly, social security is their only source of income. In a great number of cases, social security is not sufficient to maintain an acceptable level of living that would insure an adequate quality of life. The notion is appalling that benefits may be reduced or maintained at the current level, especially when studies and surveys have shown that many of our elderly are poorly housed, poorly fed and receive little or no medical service. It is abhorent that our country would continue to supply military arms, financial, food and other types of assistance to other coun-

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tries; while the elderly of our society live at or below the poverty level.

A study on hunger in (1982-83) released by the Oklahoma Conference of Churches reported that once you get beyond your income-producing years and the older you get, the poorer you get (1980 Census):

Poverty rate under 55	12.5%
Poverty rate over 55	16.9%
Poverty rate 60 and over	18.9%
Poverty rate 65 and over	21.0%

Many elderly do not qualify for SSI. To do so, the elderly would have to give up practically all of their worldly possessions for which they worked long and hard. It is our belief that many of the requirements, should be eliminated which prohibit the elderly from qualifying for SSI.

The elderly were led to believe that by contributing willingly to social security that their future would be secure. The many changes in law during the last two decades have turned social security into a farce. It can no longer be depended upon for retirement. It is a travesty of justice to force the elderly to have to rely on some form of welfare. It would be totally unnecessary if social security provided what was promised at its inception.

We are in agreement that the national deficit must be addressed, but not at the expense of the elderly. Many elderly have already been hurt by rising costs of health care, in particular medicare premiums; lack of nutritional service because of cuts in funds inadequate housing due to lack of sufficient funds for home rehab; lack of funds for subsidized transportation, and the list goes on and on.

The U.S. government must cease its attack on the poor and down trodden citizens of this nation, especially elderly.

Our clients have found that obtaining social security service is a long and time consuming process. Many are without transportation and must rely on others to transport them to the office. Sometimes several trips are required. It is virtually impossible to get through to the office by telephone: Office staffs are not large enough to adequately handle the current flow. The proposal to reduce staff by 17,000 in 5 years and close some field offices would be devastating.

Most of the programs administered by the Social Security Administration are in need of more funds to adequately handle the high number of clients. We oppose using Social Security funds for anything other than its orginal purpose. We oppose any plan which could further add to the misery of the elderly.

/tri

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(Typed from original)

Leonard D. Warren II
2405 Georgian Lane
Broomall, PA 19008

Re: Closing Social Security Offices and Reducing Staff

Joseph K. Dowley
Chief Counsel
Committee on Ways and Means

Dear Mr. Dowley:

I am opposed to these proposals.

Even now, when I have an appointment at Social Security, I have to wait 1 or 1½ hours.

Please increase, not decrease the number of Social Security offices and personnel staffing offices.

Sincerely,

Leonard D. Warren II

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